

Housing Catalyst

Fort Collins, Colorado

Annual Comprehensive Financial Report and Single Audit Report

Year ended December 31, 2022

With Comparative Totals for the Year Ended December 31, 2021



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Issued by:

Finance and Accounting Department of Housing Catalyst

Tonya Frammolino, Chief Financial Officer



Housing Catalyst

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December 31, 2022

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Housing Catalyst

Fort Collins, Colorado

Introductory Section:

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart

List of Principal Officials





June 29, 2023

Jennifer Wagner, Chairperson of the Board of Commissioners

To Chairperson Wagner, our Board of Commissioners and Community Members:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for Housing Catalyst for the year ended December 31, 2022. This report is prepared in conformance with standards of financial reporting as established by the Governmental Accounting Standards Board and the Government Finance Officers Association. The United States Department of Housing and Urban Development (HUD) requires that all public housing authorities publish within nine months after the fiscal year-end, financial statements presented in conformity with United States Generally Accepted Accounting Principles (GAAP), Housing Catalyst's financial statements presented here have been audited by Eide Bailly, LLP. The auditors issued an unmodified opinion on Housing Catalyst's financial statements for the years ended December 31, 2022 and 2021. The data presented in this report is the responsibility of the management of Housing Catalyst. To the best of our knowledge and belief, the data as presented is accurate in all material aspects; is presented in a manner designed to fairly state the financial position and results of operations of Housing Catalyst; and all disclosures necessary have been included to enable the reader to gain an understanding of Housing Catalyst's financial affairs. GAAP requires that management provide a narrative introduction, overview and analysis to complement the basic financial statements in the form of Management's Discussion and Analysis (MD&A). Housing Catalyst's MD&A can be found immediately following the report of the independent auditors. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

Housing Catalyst is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Information related to this single audit, including the independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards; the independent auditors' report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with the Uniform Guidance; the Schedule of Federal Awards; Schedule of Findings and Questioned Costs; and the schedule of prior year audit findings are included in the Single Audit Section of this report.

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HousingCatalyst.com



Organizational Overview

For more than fifty years, Housing Catalyst has been building community in Northern Colorado. The agency addresses the growing need for affordable homes through innovative, sustainable, community-focused solutions—developing and managing residential properties, administering rental assistance, and coordinating community programs and services. As a mission-driven real estate developer, Housing Catalyst forges public-private partnerships to build and preserve affordable homes. The agency owns, manages, or was instrumental in the creation of more than 1,600 local residences. In 2022, Housing Catalyst supported more than 1,700 local families through rental assistance programs, administering nearly \$17 million in Housing Assistance Payments (HAP) to local landlords on behalf of program participants. Housing Catalyst’s resident services enhance social and economic wellbeing by providing resources, community-building events, and self-sufficiency programs. Each year the agency serves thousands of community members, including seniors, individuals with disabilities, and children.

Founded in 1971 with a resolution by the Fort Collins City Council, Housing Catalyst now has a staff of more than 90 employees, an annual operating budget of more than \$40 million, and over \$290 million in owned and managed assets. The agency’s primary sources of operating funding are the U.S. Department of Housing and Urban Development (housing voucher pass-through funding), property rental income, real estate developer fees, and project-specific competitive public and private grants. Housing Catalyst does not directly receive any City of Fort Collins general funds.

To achieve our mission, all Housing Catalyst functions are operated with attention paid to a triple bottom line:

- Maintaining the fiscal viability of the organization.
- Achieving a social goal through the provision of affordable housing and supportive services.
- Achieving environmental sustainability.

This report includes all of Housing Catalyst’s programs and its component units. Component units are legally separate entities for which a government entity is financially accountable. Housing Catalyst is not a component unit of the City of Fort Collins as defined by the pronouncements of the Governmental Accounting Standards Board. The governing body for Housing Catalyst is its Board of Commissioners comprised of seven members appointed by the Fort Collins City Council. The Board appoints a Chief Executive Officer (CEO) to administer the affairs of Housing Catalyst. The City is not financially accountable for the operations of Housing Catalyst, has no responsibility to fund deficits or receive surpluses, and has not guaranteed Housing Catalyst’s debt.

Economic Condition and Outlook

The 2021 City of Fort Collins Housing Strategic Plan finds that disproportionate increases in housing costs have continued to place a strain on residents. Between 2010 and 2020 rents in Fort Collins increased 68%, the median sales price of single-family detached homes increased 124%, and the median sales price of townhomes and condos rose 164%. During the same time period, wages increased by just 25%.

Economic Condition and Outlook

Significant increases in home purchase prices have also increased the percentage of renters in Fort Collins. The city is now almost evenly split between renters and homeowners. With demand for rental homes at an all-time high, rents continue to rise. In 2012, 50% of the rental housing stock cost less than \$1,000 per month. By 2018, only 20% of the rental housing stock cost less than \$1,000 per month. More than 60% of renters in Fort Collins are considered “cost burdened,” spending more than 30% of their income on housing.

Similar trends are taking place at the county level. According to Larimer County’s 2021 Housing Needs Assessment, the median rent in Larimer County increased from \$849 to \$1,228 per month between 2010 and 2018. Renter incomes did not keep pace with the 45% increase.

Despite considerable development since 2015, only about 5% of Fort Collins’ overall housing stock is considered affordable. If the City hopes to achieve its goal for 10% of housing to be affordable by 2040, 282 affordable homes need to be added every year from 2020 onward.

Funding instability continues to present challenges for long-term planning and budgeting. National economic conditions contribute to local housing challenges, Congressional appropriations are often uncertain when Housing Catalyst budgets are created, and staff must estimate annual subsidies based on Congressional actions and historic data. Increasing sources of revenue other than those dependent upon Congressional appropriations continues to be crucial to the sustainability of Housing Catalyst’s current programs and future growth.

Since 2016, Housing Catalyst has maintained a S&P Global Rating of AA-. The rating reflects Housing Catalyst’s strong enterprise risk profile, strong financial profile, very strong management, and clear strategic plan to maximize affordable housing in Northern Colorado.

Long-Term Planning and Major Commitments and Initiatives

Housing Catalyst works to strategically increase the supply of affordable housing through new development, preservation, acquisitions, and partnerships. The agency builds on its strength, history, and reputation as a skilled developer to critically analyze and strategically pursue opportunities to build and preserve homes that are affordable. Housing Catalyst develops and maintains strong strategic partnerships and expertly utilizes available financing tools for maximum benefit to the Northern Colorado community. To achieve its mission of building vibrant, sustainable communities, Housing Catalyst approaches new construction and substantial renovation with a focus on intentional design, environmental stewardship, and inclusive processes.

In early 2024, Housing Catalyst will complete a Section 18 disposition of its public housing. This portfolio restructure will yield greater efficiency, affordability, and housing types to meet community needs.

Housing Catalyst began to accumulate the assignment of significant Private Activity Bond (PAB) authority in 2013 for the purpose of rehabilitating, developing and refinancing affordable housing units located in Fort Collins, Colorado. Through 2022, Housing Catalyst had secured the following assignments:

	<u>PAB Authority</u>
City of Fort Collins	\$ 67,053,531
Larimer County	30,334,399
Weld County	16,165,035
State of Colorado	55,641,372
Other Counties	<u>15,419,346</u>
Total	<u>\$ 184,613,683</u>

Projects have utilized or will utilize PAB authority as follows:

	<u>PAB Authority</u>	<u>Bonds Issued</u>
Village on Plum	\$ 8,750,000	2014
Village on Redwood	12,000,000	2016
Village on Horsetooth	19,190,000	2017
Village on Shields	35,000,000	2017
Lakeview on the Rise	30,950,600	2018
Meadows Townhomes	6,500,000	2020
Swallow Road Apartments	13,200,000	2021
Oak 140	14,272,787	2021
Northfield Commons	14,237,109	2022
Future Projects	<u>30,513,187</u>	-
Total	<u>\$ 184,613,683</u>	

In January 2023, Housing Catalyst completed development on Oak 140. The five-story mixed-use building is home to 79 apartments and two commercial tenant spaces. Made possible through a partnership between Housing Catalyst and the Fort Collins Downtown Development Authority, Oak 140 is the first Low Income Housing Tax Credit (LIHTC) project to address the community need for affordable housing near downtown businesses and services. The project was financed using 4% Federal and State LIHTC's, City of Fort Collins grant funds, capital from the Downtown Development Authority, a loan from Housing Catalyst, and Private Activity Bonds accumulated by Housing Catalyst. Housing Catalyst utilized a general revenue pledge enhanced by its Standard & Poor's credit rating for the public bond offering.

In summer 2023, Housing Catalyst is set to break ground on a redevelopment project. The project includes the current Village on Impala as well as connected properties approved for Section 18 disposition. The newly connected community will provide 86 affordable homes, including 12 duplexes and 62 apartments. The project will net 49 affordable homes, more than doubling the capacity of the property. Planned amenities include a clubhouse, playground, active green space, and connectivity paths.

Financial Information

Management of Housing Catalyst is responsible for establishing and maintaining an internal control structure designed to ensure that Housing Catalyst's assets are protected from loss, theft or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. Housing Catalyst has designed its internal control structure to provide reasonable, but not absolute, assurances that those objectives are met. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgment by management.

As a recipient of federal awards, Housing Catalyst is responsible for ensuring that adequate internal controls are in place to provide compliance with applicable laws, regulations, contracts and grants related to those programs. Those internal controls are subject to periodic evaluation by management, and their independent auditors.

As part of Housing Catalyst's single audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal award programs, as well as to learn whether Housing Catalyst has complied with applicable laws, regulations, contracts and grants. Housing Catalyst's single audit for the year ended December 31, 2022 found no instances of material weakness in internal control. Audit reports regarding this are included in this Annual Report in the Single Audit Section.

Other Information - Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Housing Catalyst for its annual comprehensive financial report for the year ended December 31, 2021. This was the ninth consecutive year that Housing Catalyst has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

Preparation of the Annual Comprehensive Financial Report on a timely basis was accomplished through the dedicated service of the entire staff of the Finance and Accounting department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Our sincere appreciation is also extended to the management and staff of Eide Bailly, LLP who provided necessary expertise and technical assistance.

Letter of Transmittal
2022 Annual Comprehensive Financial Report

In closing, without the leadership and support of the members of the Board of Commissioners, preparation of this report would not have been possible.

Respectfully submitted,



Julie Brewen
Chief Executive Officer



Tonya Frammolino
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

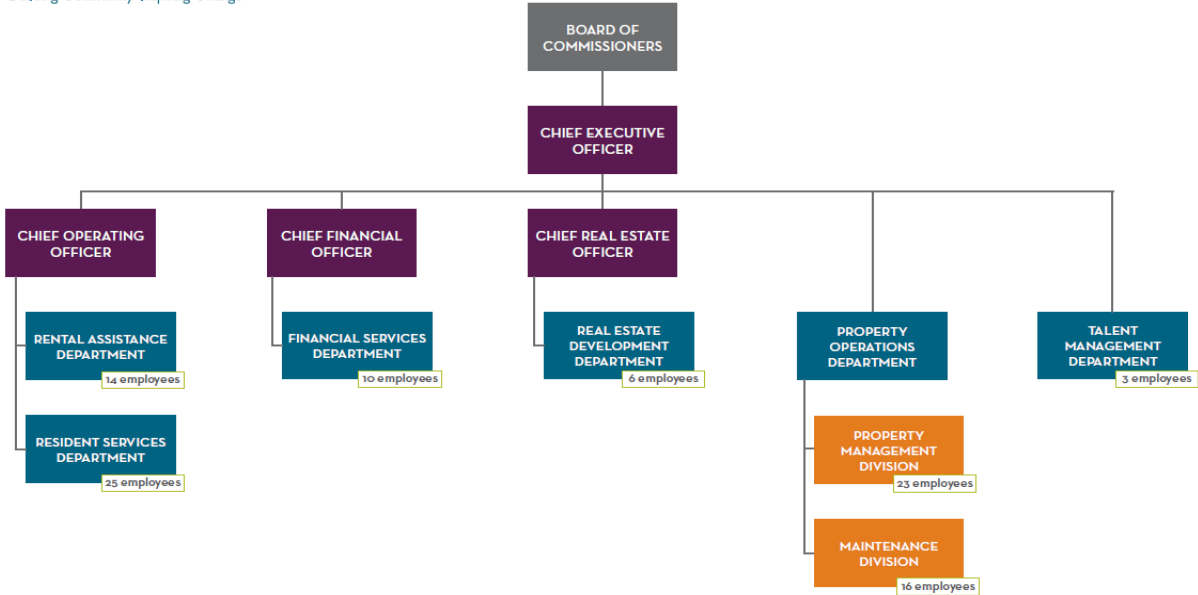
**Housing Catalyst
Colorado**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO



Housing Catalyst

List of Principal Officials
December 31, 2022

Board of Commissioners:

Jennifer Wagner
Chairperson

Lizette Mill
Vice-Chairperson

Emily Francis
Commissioner

Ann Green
Resident Commissioner

Cathy Mathis
Commissioner

Anne Nelsen
Commissioner

Joseph Penta
Commissioner

Management:

Julie Brewen
Chief Executive Director

Michele Christensen
Chief Operating Officer

Tonya Frammolino
Chief Financial Officer

Kristin Krasnove Fritz
Chief Real Estate Officer

Housing Catalyst

Fort Collins, Colorado

Financial Section:

Report of Independent Auditors

Management's Discussion and Analysis

Basic Financial Statements

Notes to Basic Financial Statements

Combining Financial Schedules





Independent Auditor's Report

To the Board of Commissioners
Housing Catalyst
Fort Collins, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Catalyst (the Authority) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority, as of December 31, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the discretely presented component units, except for Oak 140, LLLP, were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying combining statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the Authority's 2021 basic financial statements, and we expressed unmodified opinions on the respective financial statements of the business-type activities and the aggregate discretely presented component units of the Authority in our report dated July 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Fargo, North Dakota
June 29, 2023

Housing Catalyst offers readers of the financial statements this narrative overview and analysis of the financial activities of Housing Catalyst for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with Housing Catalyst's financial statements, which begin on page 16.

Financial Highlights

- The assets and deferred outflows of Housing Catalyst exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$95,146,613 (net position), an increase of \$7,364,497 from the prior year balance. The most significant contributing factors to the current year increase was HUD PHA grant revenue of \$19,361,986 which increased by \$3,829,951 as compared to the prior year and developer fee revenue for the year of \$3,024,465 as compared to the prior year balance of \$1,535,760. Of the current year other grant income received, a total of \$30,000 was loaned to Mason Place, LLLP, a tax credit partnership, and \$1,382,578 was loaned to Oak 140, LLLP, a tax credit partnership, to assist in financing the construction of low-income housing.
- As of the close of the current fiscal year, Housing Catalyst's programs had an unrestricted net position of \$87,862,219 and \$160,640 in restricted net position, which represents unspent HUD voucher funding.
- Housing Catalyst's unrestricted cash balance at December 31, 2022 was \$20,407,672, representing an increase of \$2,882,515 (16%) from December 31, 2021. The increase was mainly due to the collection of developer fees during the year of \$1,544,009 and the net proceeds from the sale of capital assets of \$4,265,305, net of the purchase of capital assets of \$1,238,195.
- Housing Catalyst received HUD operating funding of \$19,361,986, internal service fees (management fees and overhead cost allocations) of \$3,075,367 and rental income of \$2,285,676 for the year. Housing Catalyst paid out \$16,795,731 in housing assistance payments and incurred \$10,175,177 in other operating expenses (excluding depreciation and amortization of \$551,307).
- Developer fee income nearly doubled as compared to the prior year balance, increasing by \$1,488,705 (97%). The prior year balance of \$1,535,760 represents the initial developer fees for the development of Oak 140 and Swallow Road Apartments and also the remaining fees related to the rehabilitation of the Village on Myrtle. The balance of current year developer fee income of \$3,024,465 represents the remaining balance of developer fees for the development of Oak 140 and Swallow Road Apartments as both of those projects reached substantial completion during the year.
- Gain on sale of capital assets of \$3,264,220 is due to the release and sale of former public housing properties under the Section 18 Demolition and Disposition (Section 18) program through HUD. The Section 18 program allows for the release and subsequent sale of public housing properties with the sale proceeds received required to be reinvested in low-income housing. The sale of the 22 units to unrelated third parties resulted in sales proceeds of \$4,265,305.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to Housing Catalyst's basic financial statements. Housing Catalyst's basic financial statements are comprised of: 1) fund financial statements and 2) notes to the financial statements. As required by HUD, this report also includes supplemental information such as:

- Reports on Compliance
- Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs

The **Statement of Net Position** presents information on all of Housing Catalyst's assets and liabilities and deferred inflow of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Housing Catalyst is improving or deteriorating.

The **Statement of Revenues, Expenses and Changes in Net Position** presents information showing how Housing Catalyst's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in past or future periods.

The **Statement of Cash Flows** presents information showing Housing Catalyst's inflows and outflows of cash and cash equivalents during the most recent fiscal year. All changes in cash and cash equivalents are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related changes in net position. Thus, cash flows are reported in this statement for some items that will only result in revenue or expenses in past or future periods. This statement provides answers to questions such as where the cash come from, how was cash used and what was the change in the cash balance during the year.

The **Combining Statements of Net Position and of Revenues, Expenses and Changes in Net Position for Discretely Presented Component Units** presents the financial information for Housing Catalyst's discretely presented component units. The discretely presented component units are described in Note 1 of the financial statements.

Notes to the Basic Financial Statements provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to a comprehensive understanding of the information provided in the basic financial statements.

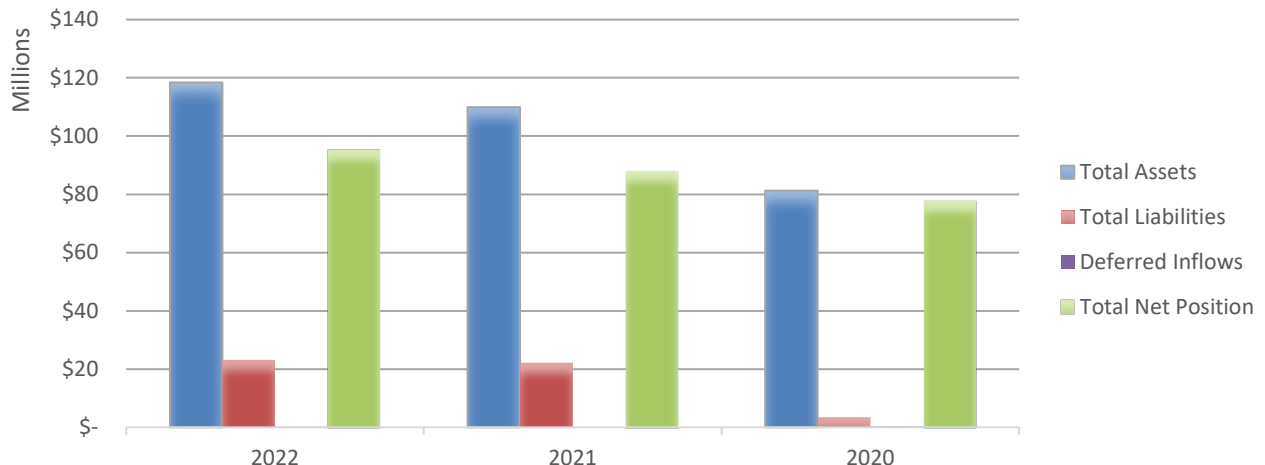
Financial Analysis

Statements of Net Position:

The following table reflects the condensed Statements of Net Position for the organization (balances in thousands of dollars).

	2022	2021	2020
Current assets, unrestricted	\$ 23,693	\$ 20,365	\$ 15,221
Other current assets, restricted	615	463	1,630
Capital assets, net	8,361	8,224	9,167
Non-current assets	85,775	80,928	55,272
Total Assets	\$ 118,444	\$ 109,980	\$ 81,290
Current liabilities	\$ 1,860	\$ 1,143	\$ 1,522
Current liabilities payable from restricted assets	513	523	864
Long-term liabilities	20,756	20,479	985
Total Liabilities	23,129	22,145	3,371
Deferred Inflows	168	53	318
Net Investment in Capital Assets	7,124	7,250	8,044
Restricted Net Position	161	139	824
Unrestricted Net Position	87,862	80,393	68,733
Total Net Position	95,147	87,782	77,601
Total Liabilities, Deferred Inflows & Net Position	\$ 118,444	\$ 109,980	\$ 81,290

Assets, Liabilities, Deferred Inflows and Net Position



Unrestricted current assets are comprised of cash, receivables, prepaid items and inventories. The balance of unrestricted current assets increased by over \$3.3 million (16%) as compared to December 31, 2021. The increase is primarily due to an increase in unrestricted cash with an increase of approximately \$2.88 million during the year.

Restricted current assets are comprised of cash that is restricted for payment of tenant security deposits, family self-sufficiency program escrow balances, flex fund escrow balances and other unspent grant funding. The balance of restricted current assets increased by approximately \$152 thousand (33%) as compared to the prior year, primarily due an increase in Housing Assistance Payment (HAP) reserves of \$110 thousand. The reserve funds held are available for future housing assistance payments, as needed by the program.

Capital assets include land, buildings, building improvements, furniture and equipment and are shown net of accumulated depreciation. Capital assets increased by approximately \$137 thousand (2%), primarily due to the addition of construction in progress, net of current year depreciation and amortization expense and the sale of public housing properties, which were nearly fully depreciated.

Non-current assets consist of long-term developer fees receivable, lease receivable, notes receivable, long-term prepaid lease, investments in tax credit partnerships and investments in future developments. Non-current assets increased by nearly \$4.85 million (6%) due to increases in notes receivable of approximately \$2.86 million, long-term developer fees receivable of approximately \$1.27 million and investments in future developments of over \$600 thousand.

Current liabilities consist of accounts payable, accrued liabilities, accrued wages and payroll tax, accrued interest, unearned revenue, balances due to other agencies and current portion of leases and notes payable. Current liabilities increased by over \$717 thousand (63%), primarily due to increases in the balances of accounts payable and accrued liabilities of over \$530 thousand primarily due to construction in progress and development activities.

Current liabilities payable from restricted assets consists of tenant security deposits payable, family self sufficiency escrow balances payable, flex fund escrow balances and unspent grant funds. These liabilities remained consistent with the prior year, decreasing by approximately \$10 thousand (2%) as compared to the prior year. The decrease was primarily due to decreases in security deposits held of approximately \$10 thousand, unspent grant funds of \$34 thousand and deferred revenue of \$43 thousand. There was also an increase in family self-sufficiency escrow balances of approximately \$70 thousand.

Long-term liabilities consist of leases and notes payable. Long-term liabilities increased by approximately \$277 thousand (1%) as compared to the prior year. The increase is primarily due to loan funding received of \$670 thousand to finance the tenant improvements for a new office along with regular debt and lease payments of \$229 thousand.

Deferred inflows consist of the balance of lease income expected to be received from the Mason street parking lot and the Village on Plum land leases. The increase in deferred inflows of approximately \$115 thousand (217%) as compared to the prior year is due to the reclassification and adjustment of Villages land lease.

Net position represents the equity of Housing Catalyst after liabilities are subtracted from assets. Net position is divided into three major categories.

The first category, net investment in capital assets represents Housing Catalyst's equity in land, buildings, building improvements, furniture and equipment, net of related outstanding debt. The second category, restricted net position, has external limitations on the way in which these assets can be used. The last category, unrestricted net position, represents amounts that are available to Housing Catalyst to be used for any lawful and prudent purpose. Total net position of Housing Catalyst increased by approximately \$7.36 million (8%) from December 31, 2021 to December 31, 2022.

Housing Catalyst's current ratio reflects the relationship between current assets and current liabilities and is a measure of Housing Catalyst's ability to pay short-term obligations. At December 31, 2022 and 2021, Housing Catalyst's current ratios were 10.2:1 and 12.5:1, respectively.

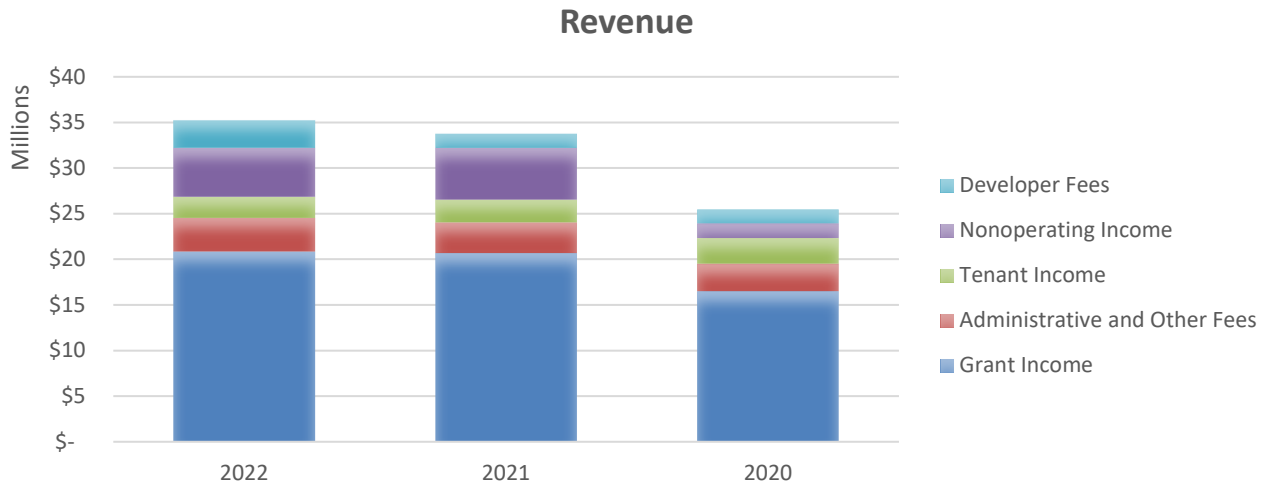
Revenues, Expenses and Changes in Net Position:

The following table compares the revenue and expenses for the current and previous periods (balance in thousands of dollars):

	2022	2021	2020
Revenues:			
Grant income	\$ 20,855	\$ 20,685	\$ 16,505
Administrative fees	3,075	2,759	2,719
Tenant income	2,286	2,498	2,776
Interest income	1,899	1,579	1,457
Developer fees	3,024	1,536	1,514
Gain on sale of capital assets	3,264	3,900	-
Capital grants and contributions	218	178	169
Other	622	614	315
Total Revenue	35,243	33,749	25,455
Expenses			
Housing assistance payments	16,796	14,025	12,279
Administrative	7,646	6,204	5,862
Maintenance	1,965	1,684	1,659
Depreciation	551	576	660
Utilities	275	264	282
Insurance	195	191	186
Interest expense and financing costs	357	205	101
Other	93	419	430
Total Expenses	27,878	23,568	21,459
Change in Net Position	7,365	10,181	3,996
Net Position - Beginning of Year	87,782	77,601	73,605
Net Position - End of Year	\$ 95,147	\$ 87,782	\$ 77,601

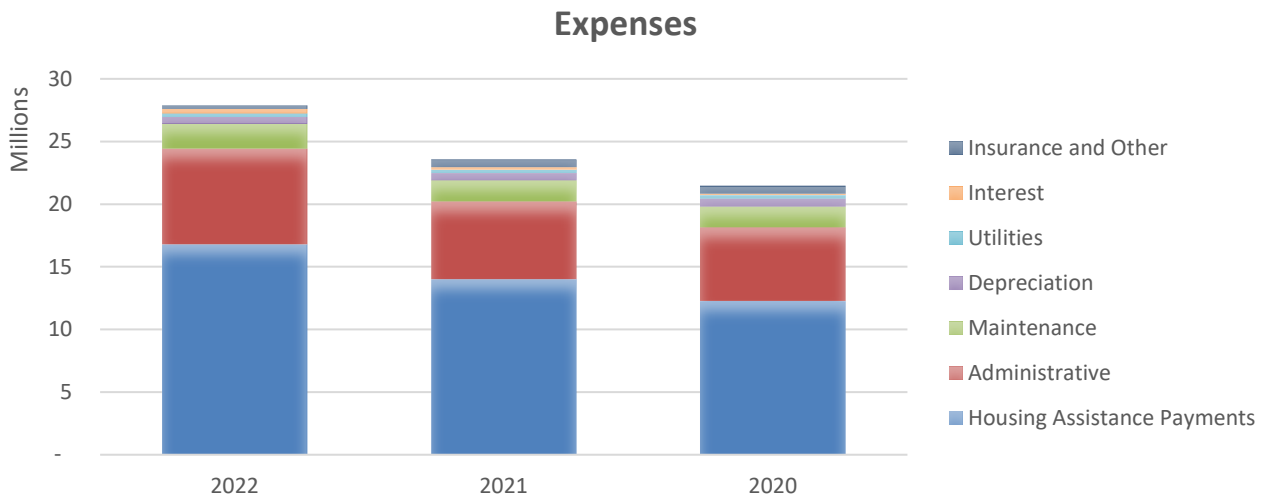
Revenues increased by approximately \$1.5 million (4%) from the year ended December 31, 2021 to the year ended December 31, 2022. The increase is primarily due to the increase in developer fee revenue of \$1.49 million.

The following graph compares the revenues for the current and previous years:



Expenses increased by approximately \$4.3 million (18%) from the year ended December 31, 2021 to the year ended December 31, 2022. During the year, housing assistance payments increased by more than \$2.77 million (20%) as compared to the prior year due to increased costs and additional leasing of 5-Year Mainstream vouchers. Administrative expenses also increased by over \$1.4 million (23%) due to increased staffing, particularly in resident services, and annual compensation increases.

The following graph compares the expenses for the current and previous years:



Departmental Financial Analysis

Housing Catalyst uses departmental accounting to ensure and demonstrate compliance with finance-related legal requirements. Each of the departments has a specific objective and purpose to accomplish. The focus of Housing Catalyst's programs is to provide information on near-term inflows, outflows, and balances of spendable resources. During 2022, Housing Catalyst maintained seven departmental programs as described below:

- 1. Public Housing:** Owns and operates 48 units of housing for rent to low-income families. The program ended 2022 with a net position of \$2,305,342 of which \$1,779,201 (77%) is invested in capital assets; and \$526,141 is available as operating reserves. The main sources of revenue are rents charged to tenants, HUD annual operating subsidy, and capital grants.

- 2. Management:** Provides administrative and maintenance support for all managed real estate and has outside management contracts with Oak 140 (79 units), Mason Place (60 units), Villages, Ltd. (227 units), Wellington Community Housing (42 units), Village on Elizabeth (48 units), Village on Stanford (82 units), Redtail Ponds PSH (60 units), Village on Plum (95 units), Village on Redwood (72 units), Village on Shields (285 units) and Village on Horsetooth (96 units). The net position is \$956,962, of which (\$22,359) (>2%) is invested in capital assets. The sources of revenues are cost allocations, administrative fees charged and maintenance fees charged.

- 3. Real Estate Development:** Provides for the development of rental housing and homeownership opportunities. This department presently has a net position in the amount of \$68,192,078, including \$170,337 (>1%) invested in capital assets. Revenues for 2022 included rental income from the Mason street parking lot lease, AHF grant income used for Mason Place and Oak 140, Fort Collins DDA grant income used for Oak 140, accrued interest income on loans to tax credit funded properties and developer fees.

- 4. Voucher Programs:** Housing Catalyst managed 1,101 Housing Choice Vouchers (HCV), 174 Veterans Affairs Supportive Housing (VASH) vouchers, 50 Family Unification Program (FUP) vouchers, 6 Foster Youth to Independence (FYI) vouchers, 25 Emergency Housing Vouchers (EHV) and 178 Five Year Mainstream vouchers at year-end 2022.

The revenue source for the HCV, VASH, FUP and Mainstream vouchers is HUD in the amount of \$17,382,990, which is an increase of \$3,704,662 (27%) as compared to the prior year total of \$13,678,328. The current year housing assistance payment (HAP) expenses of \$15,815,914 increased by \$2,687,353 (20%) as compared to the prior year expenses of \$13,128,561. The current year administrative expenses for the voucher program of \$1,425,566 increased by \$215,154 (18%) as compared to the prior year expenses of \$1,210,412.

- 5. HUD Grants:** Provides funding for the salary and benefit expenses of family self-sufficiency staff and funding for services for the residents of Redtail Ponds Permanent Supportive Housing. These are cost reimbursement grants with total current year funding of \$641,218.

- 6. Larimer County Housing Authority (Blended Component Unit):** Provides 104 rental vouchers for low-income program participants. The revenue source is HUD cost reimbursement for the vouchers. The Larimer County Housing Authority is reported as a blended component unit of Housing Catalyst.

The revenue source for the Larimer County Housing Authority vouchers is HUD in the amount of \$1,058,533, which is an increase of \$37,257 (4%) as compared to the prior year total of \$1,021,276. The current year housing assistance payment (HAP) expenses of \$979,817 increased by \$83,812 (9%) as compared to the prior year expenses of \$896,005. The current year administrative expenses for the voucher program of \$95,649 decreased by \$13,225 (-12%) as compared to the prior year expenses of \$108,874.

- 7. Villages (Blended Component Unit):** Owns and operates 185 units of housing for rent to low-income families and a leasing office. Villages ended 2022 with a net position of \$23,029,760 of which \$5,096,825 (22%) is invested in capital assets; and \$17,932,935 is unrestricted. The main sources of revenue are rents charged to tenants and grants.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2022, Housing Catalyst's net investment in capital assets was \$7,123,754 (net of accumulated depreciation and capital loans). This investment in capital assets includes land, buildings, improvements, equipment computer software and leased assets.

Capital asset activity during the current fiscal year is as follows:

- Elevator cylinder replacement in a Public Housing building in the amount of \$58,920.
- Roof replacement on a Public Housing property in the amount of \$26,618.
- Flooring replacements in various Villages properties in the amount of \$33,418.
- Roof replacement on a Villages property in the amount of \$17,051.
- Boiler replacement at a Villages property in the amount of \$26,395.
- Addition of security cameras and Wi-Fi at a Villages property in the amount of \$20,399.
- Purchase of tenant improvements in a new office space located in Fort Collins. The construction of the office space is in progress at year end and the balance of \$499,073 is included in construction in progress and \$20,810 is included in accrued liabilities at December 31, 2022.
- Village on Bryan renovation project which will include exterior and interior renovations and improvements to the property of \$1,014,932. The renovations are in progress at year end and the total balance of \$1,032,161 is included in construction in progress and \$437,801 is included in accounts payable and accrued liabilities as December 31, 2022.
- Sale of 22 Public Housing homes to unrelated third parties with net proceeds of \$4,265,305 and a gain on sale of \$3,272,138.

Additional information on the Authority's capital assets can be found in Note 1 on pages 31 through 32 and Note 6 on pages 38 through 39 of this report.

Long-Term Debt

As of December 31, 2022, Housing Catalyst had five long-term loans totaling \$21,090,015. The long-term loans are to fund the remodeling costs for the Authority's main offices on Mountain Avenue, to purchase the parking lot on Mason Street, to assist in funding the cost of the construction of the commercial portion of the building at Oak 140, to finance the tenant improvements to office space located at Oak 140 and revenue bonds used to assist in funding the construction of the residential portion of the building at Oak 140.

Loan activity during the current fiscal year is as follows:

- Principal payments made to FirstBank on the Mountain Office remodel note in the amount of \$56,404.
- Regular principal payments for the Mason Street parking lot loan made to ANB in the amount of \$32,629.
- Regular principal payments for the DDA, LLC / Oak 140 commercial loan made to FirstBank in the amount of \$97,557.
- Loan from ANB in the amount of \$670,000 to fund the construction of the tenant improvements to office space located of the building at Oak 140 with regular principal payments made in the amount of \$8,318.

Additional information on the Authority's debt can be found in Note 7 on pages 39 through 51 of this report.

Economic Outlook

Demand for affordable housing remains strong in the Fort Collins market. The rental market has tightened considerably in recent years and rents continue to increase. According to rentcafe.com apartment rents increased by an average of 5% in Fort Collins during 2022. Additionally, the effects of the COVID-19 pandemic increased the demand for affordable rental housing at a time when expansion of affordable units has been challenging. This is expected to keep upward pressure on rental rates overall. Additional funding through federal, state and other emergency programs may keep rental collection rates at near normal levels in the near term. The longer-term outlook for rent collection and demand for rental housing will be driven by the length and depth of the economic recovery.

Housing Choice Voucher ("HCV") program funding utilization is expected to remain close to 100% going forward based on current leasing levels and the large number of individuals on the waiting list. The level of HUD funding available for the HCV program, combined with rising rental rates, resulted in 108% utilization of housing assistance payment (HAP) funding and a nearly 93% HCV leased utilization in 2022. The level of funding received by HUD is expected to continue to negatively affect the total number of families served through the HCV programs due to rising rent prices and increased housing demand.

Housing Catalyst remains focused on development and preservation of new and existing affordable housing units through acquisition, new builds and renovation.

Additionally, in early 2022, Housing Catalyst was approved to join HUD's Moving to Work (MTW) program under the Landlord Incentive cohort. The transition to MTW will allow the flexibility of funding received from HUD to be applied to areas most needed and the ability to initiate new programs and strategies within the community. The transition will not directly impact the overall HUD funding received by Housing Catalyst.

Contact Information

This financial report is designed to provide the reader with a general overview of Housing Catalyst's finances and to demonstrate Housing Catalyst's financial accountability over its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Tonya Frammolino, Chief Financial Officer
1715 West Mountain Avenue
Fort Collins, Colorado 80521
Housing Catalyst website - www.housingcatalyst.com

Housing Catalyst
Statement of Net Position
December 31, 2022

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 20,407,672	\$ 1,607,606
Restricted cash and cash equivalents	614,802	9,940,043
Accounts receivable		
Grants	238,160	-
Tenants	53,727	231,502
Developer fees, current	2,016,636	-
Other	398,955	109,445
Accrued interest	221,197	-
Lease receivable - current portion	16,462	-
Notes receivable - current portion	102,215	-
Prepaid expenses and other current assets	161,793	103,290
Inventory	76,083	-
Total Current Assets	<u>24,307,702</u>	<u>11,991,886</u>
Noncurrent Assets		
Capital Assets		
Non-depreciable	5,234,190	37,415,778
Depreciable, net	3,086,187	118,878,092
Leased capital assets, net	41,112	131,429
Total Capital Assets, Net	<u>8,361,489</u>	<u>156,425,299</u>
Other Assets		
Developer fees receivable, long-term	6,903,307	-
Lease receivable - net of current portion	118,619	-
Notes receivable - net of current portion	76,540,695	-
Prepaid long-term lease	1,312,333	-
Other assets, net	-	572,821
Investment in tax credit partnerships	147,103	-
Investment in future developments	752,918	-
Total Other Assets	<u>85,774,975</u>	<u>572,821</u>
Total Noncurrent Assets	<u>94,136,464</u>	<u>156,998,120</u>
Total Assets	<u>118,444,166</u>	<u>168,990,006</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 118,444,166</u></u>	<u><u>\$ 168,990,006</u></u>

Housing Catalyst
Statement of Net Position
December 31, 2022

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 297,008	\$ 2,805,145
Accrued liabilities	530,361	-
Accrued compensation	637,092	-
Accrued interest payable	11,200	323,336
Unearned revenues	144,110	-
Tenant security deposits payable	87,506	363,984
Due to related party	-	10,142
Money held in escrow	281,663	-
Developer fees payable - current portion	-	1,070,114
Leases payable - current portion	29,516	-
Notes and mortgages payable - current portion	354,666	720,191
	<u>2,373,122</u>	<u>5,292,912</u>
Total Current Liabilities		
	<u>2,373,122</u>	<u>5,292,912</u>
Long-Term Liabilities		
Leases payable - net of current portion	21,070	96,852
Notes and mortgages payable - net of current portion	20,735,349	119,369,684
Developer fees payable - net of current portion	-	6,903,307
	<u>20,756,419</u>	<u>126,369,843</u>
Total Long-Term Liabilities		
	<u>20,756,419</u>	<u>126,369,843</u>
Total Liabilities		
	<u>23,129,541</u>	<u>131,662,755</u>
Deferred Inflows of Resources		
	<u>168,012</u>	<u>-</u>
Net Position		
Net investment in capital assets	7,123,754	36,238,572
Restricted - housing assistance payments	160,640	-
Unrestricted	87,862,219	1,088,679
	<u>95,146,613</u>	<u>37,327,251</u>
Total Net Position		
	<u>95,146,613</u>	<u>37,327,251</u>
Total Liabilities, Deferred Inflows of Resources and Net Position		
	<u>\$ 118,444,166</u>	<u>\$ 168,990,006</u>

Housing Catalyst
Statement of Net Position
December 31, 2021 (Comparative Totals Only)

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 17,525,157	\$ 2,190,046
Restricted cash and cash equivalents	463,195	22,359,917
Accounts receivable		
Grants	100,637	-
Tenants	26,403	120,890
Developer fees, current	1,801,735	-
Other	366,342	51,298
Accrued interest	296,320	-
Lease receivable - current portion	15,661	-
Notes receivable - current portion	127,736	-
Prepaid expenses and other current assets	34,240	45,644
Inventory	70,413	-
Total Current Assets	<u>20,827,839</u>	<u>24,767,795</u>
Noncurrent Assets		
Capital Assets		
Non-depreciable	4,460,964	18,656,353
Depreciable, net	3,689,070	125,226,118
Leased capital assets, net	74,091	-
Total Capital Assets, Net	<u>8,224,125</u>	<u>143,882,471</u>
Developer fees receivable, long-term	5,637,751	-
Lease receivable - net of current portion	38,230	-
Notes receivable - net of current portion	73,778,672	-
Prepaid long-term lease	1,325,724	-
Other assets, net	-	632,981
Investment in tax credit partnerships	147,735	-
Total Other Assets	<u>80,928,112</u>	<u>632,981</u>
Total Noncurrent Assets	<u>89,152,237</u>	<u>144,515,452</u>
Total Assets	<u>109,980,076</u>	<u>169,283,247</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 109,980,076</u>	<u>\$ 169,283,247</u>

Housing Catalyst
Statement of Net Position
December 31, 2021 (Comparative Totals Only)

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 78,873	\$ 1,706,216
Accrued liabilities	216,542	-
Accrued compensation	614,216	-
Accrued interest payable	12,798	269,715
Unearned revenues	212,909	-
Tenant security deposits payable	97,896	363,194
Due to related party	-	6,638
Money held in escrow	211,811	-
Developer fees payable - current portion	-	1,020,056
Leases payable - current portion	34,564	-
Notes and mortgages payable - current portion	186,577	6,836,326
	<u>1,666,186</u>	<u>10,202,145</u>
Total Current Liabilities		
	<u>1,666,186</u>	<u>10,202,145</u>
Long-Term Liabilities		
Leases payable - net of current portion	50,586	-
Notes and mortgages payable - net of current portion	20,428,346	117,121,277
Developer fees payable	-	5,637,751
Other long-term liabilities	-	-
	<u>20,478,932</u>	<u>122,759,028</u>
Total Long-Term Liabilities		
	<u>20,478,932</u>	<u>122,759,028</u>
Total Liabilities		
	<u>22,145,118</u>	<u>132,961,173</u>
Deferred Inflows of Resources		
	<u>52,842</u>	<u>-</u>
Net Position		
Net investment in capital assets	7,250,361	19,924,868
Restricted	139,150	-
Unrestricted	80,392,605	16,397,206
	<u>87,782,116</u>	<u>36,322,074</u>
Total Net Position		
	<u>87,782,116</u>	<u>36,322,074</u>
Total Liabilities, Deferred Inflows of Resources and Net Position		
	<u>\$ 109,980,076</u>	<u>\$ 169,283,247</u>

Housing Catalyst

Statement of Revenues, Expenses and Changes in Net Position Year Ended December 31, 2022

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Operating Revenues		
HUD PHA grants	\$ 19,361,986	\$ -
Other grants	1,493,076	-
Rental income	2,285,676	9,760,232
Administration fees	3,075,367	-
Developer fees	3,024,465	-
Other	621,884	335,879
Total Operating Revenues	<u>29,862,454</u>	<u>10,096,111</u>
Operating Expenses		
Housing assistance payments	16,795,731	-
Administrative salaries and benefits	5,876,984	1,725,939
Maintenance salaries and benefits	1,052,946	-
Other administrative	1,769,439	2,227,414
Ordinary maintenance	911,643	2,022,555
Depreciation and amortization	551,307	6,578,011
Utilities	274,976	622,705
Insurance	194,879	436,607
Payments in lieu of taxes	9,288	-
Other	85,022	-
Total Operating Expenses	<u>27,522,215</u>	<u>13,613,231</u>
Operating Income (Loss)	<u>2,340,239</u>	<u>(3,517,120)</u>
Non-Operating Revenues (Expenses)		
Interest income	1,898,476	13,462
Interest expense	(354,988)	(3,268,596)
Other financing costs	(1,766)	-
Gain (loss) on disposal of capital assets	3,264,220	(17,619)
Total Non-Operating Revenues (Expenses), net	<u>4,805,942</u>	<u>(3,272,753)</u>
Income (Loss) Before Contributions and Distributions	<u>7,146,181</u>	<u>(6,789,873)</u>
HUD Capital Contributions	218,316	-
Capital Contributions	-	7,798,609
Priority Distributions	-	(3,559)
Change in Net Position	<u>7,364,497</u>	<u>1,005,177</u>
Net Position, Beginning of the Year	<u>87,782,116</u>	<u>36,322,074</u>
Net Position, End of the Year	<u>\$ 95,146,613</u>	<u>\$ 37,327,251</u>

Housing Catalyst

Statement of Revenues, Expenses and Changes in Net Position Year Ended December 31, 2021 (Comparative Totals Only)

	Primary Government	Discretely Presented Component Units
Operating Revenues		
HUD PHA grants	\$ 15,532,035	\$ -
Other grants	5,153,257	-
Rental income	2,497,418	9,186,223
Administration fees	2,759,078	-
Developer fees	1,535,760	-
Other	614,023	538,501
Total Operating Revenues	28,091,571	9,724,724
Operating Expenses		
Housing assistance payments	14,024,566	-
Administrative salaries and benefits	4,991,283	1,943,134
Maintenance salaries and benefits	961,249	-
Other administrative	1,212,307	1,857,031
Ordinary maintenance	723,190	1,902,394
Depreciation and amortization	576,324	6,609,164
Utilities	263,560	548,406
Insurance	191,306	428,068
Payments in lieu of taxes	15,543	-
Other	403,034	-
Total Operating Expenses	23,362,362	13,288,197
Operating Income (Loss)	4,729,209	(3,563,473)
Non-Operating Revenues (Expenses)		
Interest income	1,579,465	1,226
Interest expense	(204,172)	(3,434,644)
Other financing costs	(851)	-
Gain (loss) on disposal of capital assets	3,900,231	(12,237)
Total Non-Operating Revenues (Expenses), net	5,274,673	(3,445,655)
Income (Loss) Before Contributions and Distributions	10,003,882	(7,009,128)
HUD Capital Contributions	177,887	-
Capital Contributions	-	1,143,596
Priority Distributions	-	(3,343)
Change in Net Position	10,181,769	(5,868,875)
Net Position, Beginning of the Year	77,600,347	42,190,949
Net Position, End of the Year	\$ 87,782,116	\$ 36,322,074

Housing Catalyst
Statement of Cash Flows
Year Ended December 31, 2022

	Primary Government
Operating Activities	
HUD PHA grants	\$ 19,520,510
Other grants	1,645,898
Receipts from tenants	1,730,294
Administration fees	3,075,367
Other income	623,883
Developer fee income	1,544,008
Housing assistance payments	(16,725,879)
Payments to employees	(6,907,054)
Payments to suppliers	(3,397,222)
Net Cash from Operating Activities	1,109,805
Capital and Related Financing Activities	
Proceeds from issuance of revenue bonds	-
Proceeds from long-term debt	670,000
Principal payments on long-term debt	(194,908)
Principal payments on leases payable	(34,564)
HUD capital contributions	218,316
Proceeds from sale of capital assets	4,265,305
Interest paid on leases payable and long-term debt	(356,586)
Acquisition of capital assets	(1,238,195)
Net Cash from Capital and Related Financing Activities	3,329,368
Investing Activities	
Receipts on notes receivable	127,736
Note receivable advance to related party	(1,412,578)
Interest income	521,939
Investments in future developments	(642,148)
Net Cash used for Investing Activities	(1,405,051)
Net Change in Cash and Cash Equivalents and Restricted Cash	3,034,122
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	17,988,352
Cash and Cash Equivalents and Restricted Cash, End of Year	\$ 21,022,474

Housing Catalyst
Statement of Cash Flows
Year Ended December 31, 2022

	Primary Government
Reconciliation of Cash and Cash Equivalents and Restricted Cash	
Cash	\$ 20,407,672
Restricted Cash	614,802
Total Cash and Cash Equivalents and Restricted Cash	\$ 21,022,474
Reconciliation of Change in Net Position to Net Cash	
From Operating Activities	
Operating Income	\$ 2,340,239
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation and amortization	551,307
Other financing costs paid	(1,766)
Decrease in investment in tax credit partnerships	632
Increase in deferred inflows of resources	115,170
Changes in assets and liabilities	
(Increase) decrease in assets:	
Receivables	(1,759,107)
Inventory	(5,670)
Prepaid expenses	(114,162)
Increase (decrease) in liabilities:	
Accounts payable	11,613
Tenant security deposits payable	(10,390)
Money held in escrow	69,852
Accrued compensation	22,876
Accrued liabilities	(41,990)
Unearned revenue	(68,799)
Net Cash from Operating Activities	\$ 1,109,805
Schedule of Noncash Investing Activities:	
Increase in notes receivable from accrued interest	\$ 1,451,660
Increase in accounts payable from capital assets	\$ 206,522
Increase in accrued liabilities from capital assets	\$ 252,089

Housing Catalyst
Statement of Cash Flows
Year Ended December 31, 2021 (Comparative Totals Only)

	Primary Government
Operating Activities	
HUD PHA grants	\$ 15,788,282
Other grants	5,306,079
Receipts from tenants	1,754,521
Administration fees	2,759,078
Other income	619,813
Developer fee income	1,472,443
Housing assistance payments	(14,048,035)
Payments to employees	(5,861,002)
Payments to suppliers	(3,022,575)
Net Cash from Operating Activities	4,768,604
Capital and Related Financing Activities	
Proceeds from issuance of revenue bonds	19,280,000
Proceeds from long-term debt	535,000
Principal payments on long-term debt	(113,952)
Principal payments on leases payable	(33,375)
HUD capital contributions	177,887
Proceeds from sale of capital assets	4,712,135
Interest paid on leases payable and long-term debt	(198,425)
Acquisition of capital assets	(2,092,590)
Net Cash from Capital and Related Financing Activities	22,266,680
Investing Activities	
Receipts on notes receivable	89,577
Note receivable advance to related party	(24,319,073)
Interest income	355,910
Net Cash used for Investing Activities	(23,873,586)
Net Change in Cash and Cash Equivalents and Restricted Cash	3,161,698
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	14,826,654
Cash and Cash Equivalents and Restricted Cash, End of Year	\$ 17,988,352

Housing Catalyst

Statement of Cash Flows

Year Ended December 31, 2021 (Comparative Totals Only)

	<u>Primary Government</u>
Reconciliation of Cash and Cash Equivalents and Restricted Cash	
Cash	\$ 17,525,157
Restricted Cash	<u>463,195</u>
Total Cash and Cash Equivalents and Restricted Cash	<u><u>\$ 17,988,352</u></u>
Reconciliation of Change in Net Position to Net Cash	
From Operating Activities	
Operating Income	\$ 4,729,209
Adjustments to reconcile operating income	
to net cash from operating activities	
Depreciation and amortization	576,324
Other financing costs paid	(851)
Decrease in investment in tax credit partnerships	543
Decrease in deferred inflows of resources	(265,304)
Changes in assets and liabilities	
(Increase) decrease in assets:	
Receivables	195,818
Inventory	(18,185)
Prepaid expenses	(21,343)
Increase (decrease) in liabilities:	
Accounts payable	146,165
Tenant security deposits payable	(22,047)
Money held in escrow	(23,469)
Accrued compensation	91,530
Accrued liabilities	(319,421)
Unearned revenue	<u>(300,365)</u>
Net Cash from Operating Activities	<u><u>\$ 4,768,604</u></u>
Schedule of Noncash Investing Activities:	
Increase in notes receivable from accrued interest	<u><u>\$ 1,268,781</u></u>
Increase in capital assets from prepaid expenses and other current assets	<u><u>\$ 51,000</u></u>
Increase in capital assets from accounts payable	<u><u>\$ 333,471</u></u>
Increase in capital assets from accrued liabilities	<u><u>\$ 38,914</u></u>
Increase in prepaid long-term lease from capital assets	<u><u>\$ 1,325,724</u></u>

Housing Catalyst

 Combining Statement of Net Position - Discretely Presented Component Units
 December 31, 2022

	Mason Place	Oak 140	Redtail Ponds PSH	Village on Elizabeth	Village on Horsetooth	Village on Plum	Village on Redwood	Village on Shields	Village on Stanford	Total
Assets										
Current Assets										
Cash	\$ 269,012	\$ 41,839	\$ 41,818	\$ 39,027	\$ 298,455	\$ 315,789	\$ 255,036	\$ 171,999	\$ 174,631	\$ 1,607,606
Restricted cash	1,133,910	3,617,556	778,365	259,335	458,065	734,536	496,323	1,942,096	519,857	9,940,043
Accounts receivable										
Tenants	12,010	500	16,957	10,127	24,837	46,255	9,607	96,394	14,815	231,502
Other	-	-	1,447	-	-	107,600	-	398	-	109,445
Prepaid expenses	4,862	-	-	-	55,895	-	39,826	192	2,515	103,290
Total Current Assets	1,419,794	3,659,895	838,587	308,489	837,252	1,204,180	800,792	2,211,079	711,818	11,991,886
Capital Assets										
Non-depreciable	3,013,850	26,155,642	862,000	640,000	1,113,963	543,454	230,000	3,858,432	998,437	37,415,778
Depreciable, net	13,241,061	-	7,440,950	2,136,703	20,288,344	9,885,643	14,322,107	47,047,714	4,515,570	118,878,092
Leased capital assets, net	-	-	-	-	-	131,429	-	-	-	131,429
Total Capital Assets, Net	16,254,911	26,155,642	8,302,950	2,776,703	21,402,307	10,560,526	14,552,107	50,906,146	5,514,007	156,425,299
Other Assets	142,327	-	29,155	-	80,976	30,258	46,605	239,161	4,339	572,821
Total Noncurrent Assets	16,397,238	26,155,642	8,332,105	2,776,703	21,483,283	10,590,784	14,598,712	51,145,307	5,518,346	156,998,120
Total Assets	\$ 17,817,032	\$ 29,815,537	\$ 9,170,692	\$ 3,085,192	\$ 22,320,535	\$ 11,794,964	\$ 15,399,504	\$ 53,356,386	\$ 6,230,164	\$ 168,990,006
Liabilities and Net Position										
Current Liabilities										
Accounts payable	\$ 179,667	\$ 2,286,995	\$ 28,322	\$ 2,270	\$ 28,458	\$ 79,512	\$ 115,874	\$ 66,570	\$ 17,477	\$ 2,805,145
Accrued interest payable	3,672	149,534	6,151	4,925	29,539	33,874	13,994	69,940	11,707	323,336
Tenant security deposits payable	12,200	-	12,000	21,652	51,291	48,837	41,936	136,301	39,767	363,984
Due to related party	-	-	-	10,142	-	-	-	-	-	10,142
Developer fee payable - current portion	89,914	765,330	-	-	61,489	-	50,392	102,989	-	1,070,114
Notes and mortgages mortgages payable - current portion	28,643	-	53,811	22,433	163,592	142,731	49,957	239,627	19,397	720,191
Total Current Liabilities	314,096	3,201,859	100,284	61,422	334,369	304,954	272,153	615,427	88,348	5,292,912
Long-Term Liabilities										
Leases payable - long-term	-	-	-	-	-	96,852	-	-	-	96,852
Notes and mortgages payable - net of current portion	6,776,508	25,046,390	4,640,308	4,388,904	13,513,923	10,229,625	10,034,016	39,627,739	5,112,271	119,369,684
Developer fee payable - net of current portion	620,743	1,586,298	-	-	405,321	284,643	209,661	3,796,641	-	6,903,307
Total Long-Term Liabilities	7,397,251	26,632,688	4,640,308	4,388,904	13,919,244	10,611,120	10,243,677	43,424,380	5,112,271	126,369,843
Total Liabilities	7,711,347	29,834,547	4,740,592	4,450,326	14,253,613	10,916,074	10,515,830	44,039,807	5,200,619	131,662,755
Net Position (Deficit)										
Net investment in capital assets	9,449,760	1,109,252	3,608,831	(1,634,634)	7,724,792	91,318	4,468,134	11,038,780	382,339	36,238,572
Unrestricted	655,925	(1,128,262)	821,269	269,500	342,130	787,572	415,540	(1,722,201)	647,206	1,088,679
Total Net Position (Deficit)	10,105,685	(19,010)	4,430,100	(1,365,134)	8,066,922	878,890	4,883,674	9,316,579	1,029,545	37,327,251
Total Liabilities and Net Position (Deficit)	\$ 17,817,032	\$ 29,815,537	\$ 9,170,692	\$ 3,085,192	\$ 22,320,535	\$ 11,794,964	\$ 15,399,504	\$ 53,356,386	\$ 6,230,164	\$ 168,990,006

Housing Catalyst

 Combining Statement of Revenues, Expenses and Changes in Net Position - Discretely Presented Component Units
 Year Ended December 31, 2022

	Mason Place	Oak 140	Redtail Ponds PSH	Village on Elizabeth	Village on Horsetooth	Village on Plum	Village on Redwood	Village on Shields	Village on Stanford	Total
Operating Revenues										
Rental income	\$ 882,743	\$ -	\$ 894,712	\$ 517,023	\$ 1,217,562	\$ 1,162,647	\$ 810,263	\$ 3,496,092	\$ 779,190	\$ 9,760,232
Other	29,049	502	36,400	9,688	23,983	99,236	16,406	95,525	25,090	335,879
Total Operating Revenues	911,792	502	931,112	526,711	1,241,545	1,261,883	826,669	3,591,617	804,280	10,096,111
Operating Expenses										
Administrative salaries and benefits	159,637	26,514	214,239	165,843	87,811	199,624	83,473	605,932	182,866	1,725,939
Other administrative	315,226	784	184,261	104,998	304,833	266,101	220,998	686,265	143,948	2,227,414
Regular and extraordinary maintenance	278,353	940	214,561	86,965	229,477	288,328	187,887	581,563	154,481	2,022,555
Depreciation and amortization	639,041	-	446,696	193,033	1,026,379	577,262	744,332	2,616,191	335,077	6,578,011
Utilities	72,715	-	84,115	35,171	70,852	90,670	68,362	151,782	49,038	622,705
Insurance	38,595	-	42,888	25,216	58,722	51,272	44,741	148,489	26,684	436,607
Total Operating Expenses	1,503,567	28,238	1,186,760	611,226	1,778,074	1,473,257	1,349,793	4,790,222	892,094	13,613,231
Operating Income (Loss)	(591,775)	(27,736)	(255,648)	(84,515)	(536,529)	(211,374)	(523,124)	(1,198,605)	(87,814)	(3,517,120)
Non-Operating Revenues (Expenses)										
Interest income	1,817	1,403	290	428	743	1,468	1,739	3,964	1,610	13,462
Interest expense	(205,036)	-	(153,883)	(195,506)	(380,025)	(390,462)	(356,410)	(1,377,251)	(210,023)	(3,268,596)
Loss on disposal of capital assets	-	-	-	-	-	(14,312)	-	(3,307)	-	(17,619)
Total Non-Operating Revenues (Expenses)	(203,219)	1,403	(153,593)	(195,078)	(379,282)	(403,306)	(354,671)	(1,376,594)	(208,413)	(3,272,753)
Loss Before Contributions and Distributions	(794,994)	(26,333)	(409,241)	(279,593)	(915,811)	(614,680)	(877,795)	(2,575,199)	(296,227)	(6,789,873)
Capital Contributions	7,798,609	-	-	-	-	-	-	-	-	7,798,609
Priority Distributions	-	-	-	(3,559)	-	-	-	-	-	(3,559)
Change in Net Position (Deficit)	7,003,615	(26,333)	(409,241)	(283,152)	(915,811)	(614,680)	(877,795)	(2,575,199)	(296,227)	1,005,177
Net Position (Deficit), Beginning of the Year	3,102,070	7,323	4,839,341	(1,081,982)	8,982,733	1,493,570	5,761,469	11,891,778	1,325,772	36,322,074
Net Position (Deficit), End of the Year	\$ 10,105,685	\$ (19,010)	\$ 4,430,100	\$ (1,365,134)	\$ 8,066,922	\$ 878,890	\$ 4,883,674	\$ 9,316,579	\$ 1,029,545	\$ 37,327,251

Note 1 - Nature of Operations and Significant Accounting Policies

General

Housing Catalyst, formally known as Fort Collins Housing Authority (Housing Catalyst) is a corporate body created in May 1971 and uses available federal, state, and local resources to serve the residents of Fort Collins, Colorado by upgrading and maintaining the existing housing stock, encouraging the construction of new housing affordable to low and moderate income households, and providing low and moderate income families and senior households with decent, safe, and affordable rental housing opportunities. Housing Catalyst owns and operates 48 units of family housing and administers 1,140 Housing Choice Vouchers (HCV), 174 Veterans Affairs Supportive Housing (VASH) vouchers, 50 Family Unification Program (FUP) vouchers, 6 Foster Youth to Independence (FYI) vouchers, 25 Emergency Housing (EHV) vouchers and 243 Five Year Mainstream vouchers.

Housing Catalyst is governed by a seven-member Board of Commissioners.

Reporting Entity

Housing Catalyst's financial statements include the accounts of all Housing Catalyst operations. The criteria for including organizations as component units within the reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board's (GASB) Codification of Government Accounting and Financial Reporting Standards, include whether:

- The organization is legally separated (can sue and be sued in their own name)
- Housing Catalyst holds the corporate powers of the organization
- Housing Catalyst appoints a voting majority of the organization's board
- Housing Catalyst is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on Housing Catalyst
- There is fiscal dependency by the organization on Housing Catalyst

Blended Component Units

Included within the financial reporting entity of Housing Catalyst as a blended component unit is the Larimer County Housing Authority (LCHA). The purpose of LCHA is to provide safe and sanitary accommodations to the low and moderate-income residents of the County of Larimer. Over the past several years, Housing Catalyst has maintained a contractual relationship with LCHA for the administration of its housing activities. However, in January 1997, the Larimer County Board of Supervisors assigned all interests in LCHA to Housing Catalyst, as LCHA was deemed immaterial with respect to the overall functions of the County. Thus, despite being a legally separate entity and receiving funds directly from the Department of Housing and Urban Development, LCHA has been accounted for as a blended component unit of Housing Catalyst as the members of Housing Catalyst's Board also acts as the governing body of LCHA and LCHA's operations are fully the responsibility of the management of Housing Catalyst. Accordingly, the balances and transactions of this component unit are reported within the proprietary funds of Housing Catalyst.

During the year ended December 31, 2021, the members of the board of commissioners of Housing Catalyst were also appointed to the board of directors of Villages, Ltd (Villages). The change in board structure resulted in Villages being subject to oversight and control by Housing Catalyst. Villages, formerly known as Fort Collins Housing Corporation, is a not-for-profit organization organized in 1980 to provide housing for the elderly and low-income families of Fort Collins, Colorado. Substantially all of Villages revenue is currently derived from rental operations and grants. In total, Villages owns and manages 185 residential units and a leasing and management office. As a legally separate entity, Villages, Ltd. has been reported as a blended component unit starting with the year ended December 31, 2021.

Also included within the financial reporting entity of Housing Catalyst as blended component units are Village on Elizabeth, LLC, Village on Stanford, LLC, Redtail Ponds Permanent Supportive Housing, LLC, Redtail Ponds Permanent Supportive Housing Development, LLC, Village on Plum, LLC, Village on Plum Development, LLC, Village on Redwood, LLC, Village on Redwood Development, LLC, Village on Horsetooth, LLC, Village on Horsetooth Development, LLC, Village on Shields, LLC, Village on Shields Development, LLC, Mason Place, LLC, Mason Place Development, LLC, Oak 140, LLC, Housing Catalyst Swallow Road, LLC, Housing Catalyst Development Services, LLC and Housing Catalyst, LLC, which are single-member LLC's. Separate financial statements for the component units are not issued.

Village on Elizabeth, LLC is the general partner in Village on Elizabeth, LLLP, Village on Stanford, LLC is the general partner in Village on Stanford, LLLP, Redtail Ponds Permanent Supportive Housing, LLC is the general partner in Redtail Ponds Permanent Supportive Housing, LLLP, Village on Plum, LLC is the general partner in Village on Plum, LLLP, Village on Redwood, LLC is the general partner in Village on Redwood, LLLP, Village on Horsetooth, LLC is the general partner of Village on Horsetooth, LLLP, Village on Shields, LLC is the general partner of Village on Shields, LLLP, Mason Place, LLC is the general partner of Mason Place, LLLP and Oak 140, LLC is the general partner of Oak 140, LLLP which are discretely presented component units and are described below.

Redtail Ponds Permanent Supportive Housing Development, LLC was formed to be the developer in Permanent Supportive Housing, LLC, Village on Plum Development, LLC was formed to be the developer in Village on Plum, LLLP, Village on Redwood Development, LLC was formed to be the developer in Village on Redwood, LLLP, Village on Horsetooth Development, LLC was formed to be the developer in Village on Horsetooth, LLLP, Village on Shields Development, LLC was formed to be the developer in Village on Shields, LLLP and Mason Place Development, LLC was formed to be the developer for Mason Place, LLLP. Housing Catalyst Swallow Road, LLC was formed to be the special limited partner for Swallow Road Apartments, LLLP, an 84 unit low income housing tax credit project. Housing Catalyst Development Services, LLC was formed to provide development services to various housing projects. Housing Catalyst, LLC was formed to be an entity that will be used, as needed, to participate as the partner in future development projects for Housing Catalyst when desired to facilitate project financing. Housing Catalyst, LLC is the administrative general partner in Provincetowne Green LLLP, an 85 unit low income housing tax credit project.

Discretely Presented Component Units

The component unit columns in the combining financial statements include the financial data of Housing Catalyst's nine discretely presented component units. These units are reported in separate columns to emphasize that they are legally separate from Housing Catalyst.

Village on Elizabeth, LLLP (VOE) – the general partner of this partnership, Village on Elizabeth, LLC, is wholly owned by Housing Catalyst. Village on Elizabeth, LLC has an ownership percentage of 0.01%. As the general partner, Housing Catalyst has the day to day management responsibilities of the partnership.

Village on Stanford, LLLP (VOS) – the general partner of this partnership, Village on Stanford, LLC, is wholly owned by Housing Catalyst. Village on Stanford, LLC has an ownership percentage of 0.01%. As the general partner, Housing Catalyst has the day to day management responsibilities of the partnership.

Redtail Ponds Permanent Supportive Housing, LLLP (Redtail Ponds PSH) – the general partner of this partnership, Redtail Ponds Permanent Supportive Housing, LLC, is wholly owned by Housing Catalyst. Redtail Ponds Permanent Supportive Housing, LLC has an ownership percentage of 0.01%. As the general partner, Housing Catalyst has the day to day management responsibilities of the partnership.

Village on Plum, LLLP (VOP) – the general partner of this partnership, Village on Plum, LLC, is wholly owned by Housing Catalyst. Village on Plum, LLC has an ownership percentage of 0.01%. As the general partner, Housing Catalyst has the day to day management responsibilities of the partnership.

Village on Redwood, LLLP (VOR) – the general partner of this partnership, Village on Redwood, LLC, is wholly owned by Housing Catalyst. Village on Redwood, LLC has an ownership percentage of 0.01%. As the general partner, Housing Catalyst has the day to day management responsibilities of the partnership.

Village on Horsetooth, LLLP (VOH) – the general partner of this partnership, Village on Horsetooth, LLC, is wholly owned by Housing Catalyst. Village on Horsetooth, LLC has an ownership percentage of 0.01%. As the general partner, Housing Catalyst has the day to day management responsibilities of the partnership.

Village on Shields, LLLP (VOSH) – the general partner of this partnership, Village on Shields, LLC, is wholly owned by Housing Catalyst. Village on Shields, LLC has an ownership percentage of 0.01%. As the general partner, Housing Catalyst has the day to day management responsibilities of the partnership.

Mason Place, LLLP (Mason Place) – the general partner of this partnership, Mason Place, LLC, is wholly owned by Housing Catalyst. Mason Place, LLC has an ownership percentage of 0.01%. As the general partner, Housing Catalyst has the day to day management responsibilities of the partnership.

Oak 140, LLLP (Oak 140) – the general partner of this partnership, Oak 140, LLC, is wholly owned by Housing Catalyst. Oak 140, LLC has an ownership percentage of 0.009%. As the general partner, Housing Catalyst has the day to day management responsibilities of the partnership.

The financial statements of the discretely presented component units are presented in Housing Catalyst's basic financial statements. Complete financial statements of the individual component units can be obtained from the Chief Financial Officer, Housing Catalyst, 1715 W. Mountain Ave., Fort Collins, CO 80521.

Basis of Accounting

The accounts of Housing Catalyst are organized on the basis of programs, each of which is considered a separate accounting entity. The operations of each program are accounted for with a separate set of self-balancing accounts that comprise its assets and deferred outflows, liabilities and deferred inflows, net position, revenues, and expenses. Housing Catalyst classifies its programs as proprietary.

Housing Catalyst accounts for its operations in one fund type, the enterprise fund. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded at the time liabilities are incurred. All assets, deferred outflows, liabilities and deferred inflows associated with the operations of Housing Catalyst are included on the statement of net position. All significant interfund transactions have been eliminated.

Cash and Cash Equivalents

Housing Catalyst's cash deposits can only be invested in HUD approved investments: direct obligations of the Federal Government backed by the full faith and credit of the United States, obligations of government agencies, securities of government sponsored agencies, demand and savings deposits, time deposits, repurchase agreements, and other securities approved by HUD.

For the purpose of the statement of cash flows, Housing Catalyst considers cash deposits and highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Certificates of deposit are also considered to be cash equivalents due to their highly liquid nature and insignificant risk of change in value due to changes in interest rates. Housing Catalyst uses certificates of deposit as part of the entities cash management.

Accounts and Notes Receivable

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Inventory

Inventories are valued at cost using the first-in/first-out method.

Capital Assets

Land, buildings and improvements, and equipment are recorded at cost, including indirect development costs. Housing Catalyst uses a capitalization threshold of \$5,000. Donated capital assets are valued at their acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	15 - 30 Years
Furniture and Equipment	3 - 15 Years

Housing Catalyst reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment losses recognized during 2022.

Investment in Tax Credit Partnerships and Future Developments

Investments in tax credit partnerships are accounted for under the equity method. Investments are stated at cost, plus (minus) Housing Catalyst's equity in net earnings (losses) since acquisition, less any distributions received.

Investments in future developments represents costs incurred by Housing Catalyst for future developments and are recorded at cost until a project is established.

Operating Revenues and Expenses

Housing Catalyst considers all revenues and expenses (including HUD intergovernmental revenues and expenses) as operating items with the exception of interest expense, interest revenue, and gain/loss on disposal of capital assets which are considered non-operating for financial reporting purposes.

Fraud Recovery

HUD requires Housing Catalyst to account for monies recovered from tenants who committed fraud or misrepresentation in the application process for rent calculations and now owe additional rent for prior periods or retroactive rent as fraud recovery. The monies recovered are shared by HUD and the local authority.

Developer Fee Revenue Recognition

Housing Catalyst earns development fees based on agreements with certain partnerships for the development of affordable housing. Developer fees are generally recognized under the percentage-of-completion method and in accordance with the corresponding development agreement.

Restricted and Unrestricted Resources

Housing Catalyst applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Accumulated Unpaid Vacation Leave

Accumulated unpaid vacation leave is accrued in the period incurred. Employees are permitted to accumulate a limited amount of vacation benefits. Upon separation or termination from the Housing Catalyst, an employee will not be paid time in excess of 220 hours.

Unearned Revenues

As of December 31, 2022, unearned revenue consisted of \$8,797 of prepaid rent from tenants, \$43,362 of unspent EHV service fee grant funds, \$82,226 of unspent Larimer County Behavioral Services grant funds, \$9,725 of unspent Kaiser Foundation financial health initiative grant funds and \$34,577 of prepaid land lease funds. The Larimer County Behavior Services grant must be spent by September 30, 2023 on specific costs related to Mason Place Permanent Supportive Housing. All unspent funds must be returned to the grantors.

Components of Net Position

Components of net position include the following:

- *Net Investment in Capital Assets* – Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.
- *Restricted Net Position* – Consists of assets and deferred outflows less related liabilities and deferred inflows reported in the basic statement of net position that are subject to restraints on their use by HUD.
- *Unrestricted Net Position* – Consists of assets and deferred outflows less related liabilities and deferred inflows reported in the basic statement of net position that are not subject to restraints on their use.

Budgetary

Housing Catalyst's annual budgets are the annual contracts, which are with, and approved by, HUD. No budget to actual statements are presented in this report, as housing authorities are not legally required to adopt a budget under the Local Government Budget Law of Colorado.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Totals

The financial statements and related footnotes include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Note 2 - Deposits and Investments

Primary Government

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at or equal to 102% of the uninsured deposits. The general depository agreement required by annual contract with HUD has additional collateral requirements, which Housing Catalyst met in 2022.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, Housing Catalyst's deposits may not be returned to it. As of December 31, 2022, Housing Catalyst's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with PDPA.

At December 31, 2022, Housing Catalyst's carrying amount of deposits was \$21,021,524 and the bank balance was \$21,860,252. Of the bank balances, \$475,958 was covered by Federal Depository Insurance. Of the remaining balances for 2022, \$21,384,294 was collateralized with securities held by a pledging financial institution's agent in the government's name.

For the primary government, cash and cash equivalents consist of the following at December 31, 2022:

Cash and cash equivalents - unrestricted	\$ 20,407,672
Cash and cash equivalents - restricted	<u>614,802</u>
Total cash and cash equivalents	21,022,474
Less: cash on hand	<u>(950)</u>
Total deposits	<u><u>\$ 21,021,524</u></u>

Investments

Housing Catalyst’s investment policy allows for investments to be solely in securities approved by HUD. Authorized investment instruments are as follows:

- Obligations of the United States and certain U.S. government agency securities
- Insured Money Market Deposit Accounts
- Municipal Depository Fund
- Super NOW Accounts
- Certificates of Deposit
- Repurchase Agreements
- Sweep Accounts
- Separate Trading of Registered Interest and Principal of Securities (STRIPS)
- Mutual Funds that meet HUD criteria

Housing Catalyst’s deposit and investment policy specifies that all investments are to be adequately collateralized if deposits and investments exceed federal insurance limits. The policy does not formally address credit risk, interest rate risk, or foreign currency risk associated with investments.

Discretely Presented Component Units

At December 31, 2022, the carrying amount of the discretely presented component units deposited with financial institutions was \$11,547,263 and the bank balance was \$11,449,903. The bank deposits are held with financial institutions and are entirely insured or collateralized.

For the discretely presented component units, cash and cash equivalents consist of the following at December 31, 2022:

Cash and cash equivalents - unrestricted	\$ 1,607,606
Cash and cash equivalents - restricted	<u>9,940,043</u>
 Total cash and cash equivalents	 11,547,649
Less: cash on hand	<u>(386)</u>
 Total deposits	 <u><u>\$ 11,547,263</u></u>

Note 3 - Restricted Cash

Primary Government

Restricted cash consists of cash and cash equivalents balances restricted for use in the Housing Choice Voucher program, held in escrow in order to comply with HUD requirements for the family self-sufficiency program, held for tenant security deposits and other restricted grants.

Discretely Presented Component Units

Restricted cash consists of cash and cash equivalents balances restricted for tenant security deposits, funding of operating deficits, repairs or improvements to the buildings which extend their useful lives, annual insurance payments, supportive services payments and bond proceeds available for construction expenditures.

Note 4 - Lease Receivable (Primary Government)

Housing Catalyst is leasing a parking lot with monthly payments of \$1,500 with a maturity date of March 2025. During the year ended December 31, 2022, Housing Catalyst recognized revenue of \$18,597 which includes income from deferred inflows of \$16,259 and interest income of \$2,338. Income over the next three years is expected to be \$17,797 in 2023, \$16,954 in 2024 and \$4,102 in 2025.

Villages is leasing a land under a non-cancelable long-term operating lease with monthly payments of \$5,060 with a maturity date of October 3013. The lease was prepaid for the first 15 years of the lease. During the year ended December 31, 2022, Villages recognized revenue of \$5,060. Income over the next five years is expected to be \$5,060 for each year.

Note 5 - Notes Receivable (Primary Government)

Notes receivable as of December 31, 2022 consist of the following:

Village on Elizabeth, LLLP - Note receivables with stated interest rates of 3.50% - 5.31% per annum, yearly payments to the extent of available cash flow with the entire balance due December 2037 and collateralized by real property located at 2209 - 2217 West Elizabeth, Fort Collins, Colorado.	\$ 3,502,222
Village on Stanford, LLLP - Note receivable with a stated interest rate of 3.57% per annum, yearly payments to the extent of available cash flow with the entire balance due December 2038 and collateralized by a deed of trust, security agreement, financing statement and assignment of rents and revenues.	1,980,329
Redtail Ponds Permanent Supportive Housing, LLLP - Notes receivable with stated interest rates ranging from 2.50% to 4.00% per annum, yearly payments to the extent of available cash flow with the entire balance due January 2045 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	2,809,717
Village on Plum, LLLP - Notes receivable with stated interest rates of 3.50% per annum, yearly payments to the extent of available cash flow with the entire balance due October 2044 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	5,219,039

Village on Redwood, LLLP - Notes receivable with a stated interest rate of 4.00% per annum, yearly payments to the extent of available cash flow with the entire balance due April 2056 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	6,060,544
Village on Horsetooth, LLLP - Note receivable with a stated interest rate of 2.68% per annum, yearly payments to the extent of available cash flow with the entire balance due August 2057 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	4,999,234
Village on Shields, LLLP - Notes receivable with stated interest rates ranging from 2.00% to 2.60% per annum, yearly payments to the extent of available cash flow with the entire balance due April 2059 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	22,235,887
Mason Place, LLLP - Notes receivable with stated interest rates ranging from 1.00% to 5.60% per annum, yearly payments to the extent of available cash flow with maturity dates ranging from December 2050 to December 2060 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	3,614,929
Oak 140 - Notes receivable with stated interest rates ranging from 0.875% to 2.25% per annum, yearly payments to be made in accordance with the loan agreements and to the extent of available cash flow with maturity dates ranging from July 2039 to January 2054 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	25,046,390
Legacy-Fort Collins Partners, LP - Note receivable with a stated interest rate of 2.50% per annum, yearly payments to the extent of available cash flow, a maturity date of December 2032 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	717,164
Fort Collins DDA - Notes receivable with a stated interest rate of 4.50% per annum, yearly principal and interest payments of \$121,869, with a maturity dates of July 2026 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	436,745
Other notes receivable	<u>20,710</u>
Total notes receivable	76,642,910
Less current portion	<u>(102,215)</u>
Notes receivable - net of current portion	<u><u>\$ 76,540,695</u></u>

Note 6 - Capital Assets

Changes in capital assets for the primary government during the year ended December 31, 2022 were as follows:

	Balance 01/01/22	Additions	Deletions	Balance 12/31/22
Non-Depreciable				
Land	\$ 4,425,663	\$ -	\$ (733,729)	\$ 3,691,934
Construction in progress	35,301	1,506,955	-	1,542,256
	<u>4,460,964</u>	<u>1,506,955</u>	<u>(733,729)</u>	<u>5,234,190</u>
Depreciable/Amortizable				
Buildings and improvements	15,435,227	102,590	(1,156,112)	14,381,705
Furniture and equipment	1,137,205	80,211	-	1,217,416
Leased equipment	174,647	-	-	174,647
	<u>16,747,079</u>	<u>182,801</u>	<u>(1,156,112)</u>	<u>15,773,768</u>
Less: Accumulated Depreciation				
Buildings and improvements	(11,826,421)	(492,717)	888,756	(11,430,382)
Furniture and equipment	(1,056,941)	(25,612)	-	(1,082,553)
Less: Accumulated Amortization				
Leased equipment	<u>(100,556)</u>	<u>(32,978)</u>	<u>-</u>	<u>(133,534)</u>
Total accumulated depreciation and amortization	<u>(12,983,918)</u>	<u>(551,307)</u>	<u>888,756</u>	<u>(12,646,469)</u>
Net Depreciable Capital Assets	<u>3,763,161</u>	<u>(368,506)</u>	<u>(267,356)</u>	<u>3,127,299</u>
Total	<u>\$ 8,224,125</u>	<u>\$ 1,138,449</u>	<u>\$ (1,001,085)</u>	<u>\$ 8,361,489</u>

Changes in capital assets for the discretely presented component units during the year ended December 31, 2022 were as follows:

	Balance 01/01/22	Additions	Deletions	Balance 12/31/22
Non-Depreciable				
Land	\$ 11,260,136	\$ -	\$ -	\$ 11,260,136
Construction in progress	7,396,217	18,759,425	-	26,155,642
	<u>18,656,353</u>	<u>18,759,425</u>	<u>-</u>	<u>37,415,778</u>
Depreciable/Amortizable				
Buildings and improvements	142,683,632	25,814	(20,518)	142,688,928
Land improvements	9,222,779	14,818	-	9,237,597
Furniture and equipment	5,300,345	146,811	(109,519)	5,337,637
	<u>157,206,756</u>	<u>187,443</u>	<u>(130,037)</u>	<u>157,264,162</u>
Total depreciable capital assets	<u>157,206,756</u>	<u>187,443</u>	<u>(130,037)</u>	<u>157,264,162</u>
Total accumulated depreciation	<u>(31,980,638)</u>	<u>(6,517,851)</u>	<u>112,419</u>	<u>(38,386,070)</u>
Net Depreciable Capital Assets	<u>125,226,118</u>	<u>(6,330,408)</u>	<u>(17,618)</u>	<u>118,878,092</u>
Leased Capital Assets	<u>-</u>	<u>136,489</u>	<u>(5,060)</u>	<u>131,429</u>
Total	<u>\$ 143,882,471</u>	<u>\$ 12,565,506</u>	<u>\$ (22,678)</u>	<u>\$ 156,425,299</u>

Note 7 - Long-Term Debt

During the year ended December 31, 2022, the following changes occurred in long-term debt:

Primary Government

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes Payable	<u>\$ 20,614,923</u>	<u>\$ 670,000</u>	<u>\$ (194,908)</u>	<u>\$ 21,090,015</u>	<u>\$ 354,666</u>

Discretely Presented Component Units

Mason Place

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes Payable	<u>\$ 12,818,355</u>	<u>\$ 134,471</u>	<u>\$ (6,147,675)</u>	<u>\$ 6,805,151</u>	<u>\$ 28,643</u>

Housing Catalyst
Notes to Financial Statements
December 31, 2022

Oak 140

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Notes Payable	<u>\$ 23,584,073</u>	<u>\$ 1,462,317</u>	<u>\$ -</u>	<u>\$ 25,046,390</u>	<u>\$ -</u>

Redtail Ponds PSH

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Notes Payable	<u>\$ 4,666,783</u>	<u>\$ 79,170</u>	<u>\$ (51,834)</u>	<u>\$ 4,694,119</u>	<u>\$ 53,811</u>

Village on Elizabeth

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Notes Payable	<u>\$ 4,296,632</u>	<u>\$ 135,811</u>	<u>\$ (21,106)</u>	<u>\$ 4,411,337</u>	<u>\$ 22,433</u>

Village on Horsetooth

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Notes Payable	<u>\$ 13,690,668</u>	<u>\$ 142,134</u>	<u>\$ (155,287)</u>	<u>\$ 13,677,515</u>	<u>\$ 163,592</u>

Village on Plum

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Notes Payable	<u>\$ 10,348,419</u>	<u>\$ 157,349</u>	<u>\$ (133,412)</u>	<u>\$ 10,372,356</u>	<u>\$ 142,731</u>

Village on Redwood

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Notes Payable	<u>\$ 9,884,097</u>	<u>\$ 247,721</u>	<u>\$ (47,845)</u>	<u>\$ 10,083,973</u>	<u>\$ 49,957</u>

Village on Shields

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Notes Payable	<u>\$ 39,562,895</u>	<u>\$ 532,911</u>	<u>\$ (228,440)</u>	<u>\$ 39,867,366</u>	<u>\$ 239,627</u>

Village on Stanford

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Notes Payable	\$ 5,105,681	\$ 71,579	\$ (45,592)	\$ 5,131,668	\$ 19,397

Notes payable as of December 31, 2022, consisted of the following:

Primary Government

Mountain Office Remodel - Note payable due to First Bank with a stated interest rate of 3.00% per annum, due in monthly principal and interest installments of \$5,534 with a maturity date of October 2027 and secured by a deed of trust and all deposit accounts held by First Bank Holding Company.	\$ 298,163
Development Office Tenant Improvements - Note payable due to ANB Bank with a stated interest rate of 5.50% per annum, due in monthly principal and interest installments of \$12,822 with a maturity date of October 2027 and secured by a deed of trust and all deposit accounts held by ANB Bank.	661,682
Oak 140 Commercial - DDA - Notes payable due to First Bank with a stated interest rate of 4.00% per annum, due in annual principal and interest installments of \$120,679 with a maturity date of August 2026 and secured by a deed of trust.	437,443
Mason Place - Note payable due to ANB Bank with a stated interest rate of 5.75% per annum, due in monthly principal and interest installments of \$8,086 with a maturity date of February 2028 and secured by a deed of trust and all deposit accounts held by ANB Bank. This note was refinanced in February 2023 with the terms listed. The note previously had a maturity date of January 2023.	412,727
Oak 140 - Revenue bonds payable due to UMB with stated interest rates ranging from 0.875% to 2.25% per annum, yearly payments to be made in accordance with the loan agreements and to the extent of available cash flow with maturity dates ranging from July 2039 to January 2054 and collateralized by a deed of trust and an agreement of restrictive covenants on the property (see additional disclosures below).	19,280,000
Total notes payable - Primary Government	\$ 21,090,015

Revenue Bonds:

During the year ended December 31, 2021, Housing Catalyst issued \$14,270,000 in Series 2021A tax-exempt revenue bonds and \$5,010,000 in Series 2021B federally taxable revenue bonds. The bonds are secured by deeds of trust on the Oak 140, LLLP property, a discretely presented component unit. The bonds were issued to finance the construction of a 79-unit affordable housing project. Housing Catalyst entered into a promissory note with Oak 140, of which the payments from the property are expected to be the primary source of repayment. Revenues of Housing Catalyst would be used only if those payments are not sufficient to cover the required payments. No Housing Catalyst revenues have been used for any required payments to date.

The tax-exempt term bonds mature on July 1, 2024 (\$6,165,000), July 1, 2025 (\$165,000), July 1, 2026 (\$165,000), July 1, 2027 (\$165,000), July 1, 2028 (\$170,000), July 1, 2029 (\$170,000), July 1, 2030 (\$170,000), July 1, 2031 (\$175,000) and July 1, 2039 (\$6,925,000) and carry interest rates of 1.25%, 0.875%, 1.00%, 1.125%, 1.375%, 1.50%, 1.75%, 1.875% and 2.25%, respectively. The taxable term bonds matures on July 1, 2024 and carries an interest rate of 1.00%.

Future debt service requirements are as follows for the Oak 140 revenue bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 299,069	\$ 299,069
2024	11,175,000	235,841	11,410,841
2025	165,000	171,188	336,188
2026	165,000	169,642	334,642
2027	165,000	167,890	332,890
2028-2032	865,000	800,995	1,665,995
2033-2037	955,000	706,391	1,661,391
2038-2042	5,790,000	191,162	5,981,162
Total	<u>\$ 19,280,000</u>	<u>\$ 2,742,178</u>	<u>\$ 22,022,178</u>

The estimated debt requirements to maturity for the remaining notes payable for the year ending December 31, 2022 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 354,665	\$ 79,960	\$ 434,625
2024	372,631	65,345	437,976
2025	390,992	46,984	437,976
2026	410,095	27,880	437,975
2027	272,853	7,866	280,719
2028-2032	8,779	120	8,899
2033-2037	-	-	-
2038-2042	-	-	-
Total	<u>\$ 1,810,015</u>	<u>\$ 228,155</u>	<u>\$ 2,038,170</u>

Discretely Presented Component Units

Mason Place

Mortgage note payable to ANB with a stated interest rate of 4.35% per annum and an effective interest rate of 4.89% per annum secured by real property with a maturity date of September 2037. The note converted to permanent financing in January 2022 with a principal balance of \$2,200,000 and due in monthly principal and interest installments of \$10,315.	\$ 2,170,452
Unamortized debt issuance costs, based on an effective interest rate of 4.89%	<u>(180,230)</u>
	<u>1,990,222</u>
Mortgage notes payable due to Housing Catalyst with stated and effective interest rates ranging from 1.00% to 5.00% per annum, due in annual installments from cash flow or proceeds of capital transactions with maturity dates ranging from December 2050 to December 2060 and secured by a mortgage on substantially all assets and an assignment of rent.	3,614,929
Mortgage note payable with a stated and effective interest rate of 0.00% per annum, due in annual with the principal balance due on the maturity date of September 2059 and secured by real property.	<u>1,200,000</u>
Total notes payable - Mason Place	<u><u>\$ 6,805,151</u></u>

Oak 140

Mortgage note payable to Housing Catalyst with stated interest rates ranging from 0.875% to 2.25% per annum, yearly payments to be made in accordance with the loan agreements and to the extent of available cash flow with maturity dates ranging from July 2039 to January 2054 and collateralized by a deed of trust and an agreement of restrictive covenants on the property.	\$ 19,280,000
Mortgage notes payable due to Housing Catalyst with stated and effective interest rates ranging from 1.50% to 2.08% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of January 2054 and secured by a mortgage on substantially all assets and an assignment of rent.	<u>5,766,390</u>
	<u><u>\$ 25,046,390</u></u>

Redtail Ponds PSH

Mortgage note payable to US Bank with a stated interest rate of 3.75% per annum and an effective interest rate of 3.92%, due in monthly principal and interest installments of \$10,559 with a maturity date of April 2046 and secured by a mortgage on substantially all assets and an assignment of rent.	\$ 1,968,436
Unamortized debt issuance costs, based on an effective interest rate of approximately 3.92%	<u>(84,034)</u>
	1,884,402
Mortgage notes payable due to Housing Catalyst with stated and effective interest rates ranging from 2.50% to 4.00% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of January 2045 and secured by a deed of trust and an Agreement of Restrictive Covenants Affecting Real Property.	1,747,360
Mortgage note payable due to Villages, LTD with a stated and effective interest rate of 4.00% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of January 2045 and secured by a mortgage on substantially all assets and an assignment of rent.	<u>1,062,357</u>
Total notes payable - Redtail Ponds PSH	<u><u>\$ 4,694,119</u></u>

Village on Elizabeth

Mortgage note payable with a stated interest rate of 7.20% per annum and an effective interest rate of 7.33%, due in monthly principal and interest installments of \$5,876 with a maturity date of June 2026 and secured by a mortgage on substantially all assets and an assignment of rent.	\$ 754,565
Mortgage note payable with a stated interest rate of 3.00% per annum and an effective interest rate of 3.13%, due in monthly principal and interest installments of \$866 with a maturity date of June 2026 and secured by a mortgage on all property and equipment and an assignment of rent.	158,963
Unamortized debt issuance costs, based on an effective interest rate of approximately 6.6%	<u>(4,413)</u>
	<u>909,115</u>
Mortgage notes payable due to Housing Catalyst with stated and effective interest rates ranging from 3.50% to 5.31% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of December 2037 and secured by a mortgage on substantially all assets and an assignment of rent.	<u>3,502,222</u>
Total notes payable - Village on Elizabeth	<u><u>\$ 4,411,337</u></u>

Village on Horsetooth

Mortgage note payable with a stated and effective interest rate of 3.24% per annum, due in monthly installments of principal and interest of \$31,933 starting January 2020 with a maturity date of December 2037 and secured by a mortgage on substantially all assets and an assignment of rent.	\$ 6,852,588
Unamortized debt issuance costs, based on an effective interest rate of approximately 3.45%	<u>(174,307)</u>
	6,678,281
Mortgage note payable due to the State of Colorado with a stated and effective interest rate of 0.00% per annum, due in annual installments of principal and interest from available cash flows of \$52,632 beginning in June 2020 with a maturity date of August 2057 and secured by real property.	2,000,000
Mortgage note payable due to Housing Catalyst with a stated and effective interest rate of 2.68% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of August 2057 and secured by a mortgage on substantially all assets and an assignment of rent.	<u>4,999,234</u>
Total notes payable - Village on Horsetooth	<u><u>\$ 13,677,515</u></u>

Village on Plum

Mortgage note payable with a stated interest rate of 3.85% per annum and an effective interest rate of 4.17%, due in monthly principal and interest installments of \$28,792 with a maturity date of August 2034 and secured by a mortgage on substantially all assets and an assignment of rent.	\$ 5,331,950
Unamortized debt issuance costs, based on an effective interest rate of approximately 4.17%	<u>(178,633)</u>
	5,153,317
Mortgage notes payable due to Villages, LTD with stated and effective interest rates of 3.50% per annum, due in annual installments from cash flow or proceeds of capital transactions with maturity dates of October 2044 and secured by a mortgage on substantially all assets and an assignment of rent.	<u>5,219,039</u>
Total notes payable - Village on Plum	<u><u>\$ 10,372,356</u></u>

Village on Redwood

Mortgage note payable due to the Bank of Colorado with a stated interest rate of 4.25% per annum and an effective interest rate of 4.9%, due in monthly installments of principal and interest of \$12,414 with a maturity date of February 2036 and secured by real property, operating reserve account and assignment of rents of the Partnership.	\$ 2,320,614
Unamortized debt issuance costs, based on an effective interest rate of approximately 4.87%	<u>(183,545)</u>
	2,137,069
Mortgage note payable due to the State of Colorado with a stated and effective interest rate of 0.00% per annum, due in annual installments of principal and interest from available cash flows of \$48,879 beginning in June 2018 with a maturity date of March 2056 and secured by real property.	<u>1,906,269</u>
	<u>4,043,338</u>
Mortgage notes payable due to Housing Catalyst with stated and effective interest rates of 4.00% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of April 2056 and secured by a mortgage on substantially all assets and an assignment of rent.	6,060,544
Unamortized debt issuance costs, based on an effective interest rate of approximately 4.00%	<u>(19,909)</u>
	<u>6,040,635</u>
Total notes payable - Village on Redwood	<u><u>\$ 10,083,973</u></u>

Village on Shields

Mortgage note payable due to the US Bank National Association with a stated interest rate of 4.79% per annum and an effective interest rate of 3.19%, due in monthly installments of principal and interest of \$89,474 with a maturity date of October 2036 and secured by real property, operating reserve account and assignment of rents of the Partnership.	\$ 17,521,524
Unamortized debt issuance costs, based on an effective interest rate of approximately 4.97%	<u>(474,970)</u>
	17,046,554

Mortgage note payable due to the State of Colorado with a stated and effective interest rate of 1.00% per annum, due in annual installments of principal and interest from available cash flows of \$16,701 beginning in May 2019 with a maturity date of May 2059 and secured by real property.	584,925
Mortgage notes payable due to Housing Catalyst with stated and effective interest rates ranging from 2.00% of 2.60% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of April 2059 and secured by a mortgage on substantially all assets and an assignment of rent.	21,680,915
Mortgage notes payable due to Villages, Ltd with a stated and effective interest rate of 2.00% per annum, due in annual installments from cash flow or proceeds of capital transactions with maturity dates of April 2059 and secured by a mortgage on substantially all assets and an assignment of rent.	<u>554,972</u>
Total notes payable - Village on Shields	<u><u>\$ 39,867,366</u></u>

Village on Stanford

Mortgage note payable with a stated interest rate of 7.85% per annum and an effective interest rate of 8.14%, due in monthly principal and interest installments of \$12,889 with a maturity date of December 2028 and secured by a mortgage on substantially all assets and an assignment of rent.	\$ 1,731,906
Unamortized debt issuance costs, based on an effective interest rate of approximately 8.14%	<u>(19,632)</u>
	1,712,274
Mortgage notes payable due to Housing Catalyst with stated and effective interest rates of 3.57% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of December 2038 and secured by a mortgage on substantially all assets and an assignment of rent.	1,247,598
Mortgage note payable due to Villages, LTD with a stated and effective interest rate of 3.57% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of December 2038 and secured by a mortgage on substantially all assets and an assignment of rent.	732,731
CDBG mortgage note payable with a stated and effective interest rate of 0.00% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of December 2038 and secured by a mortgage on substantially all assets and an assignment of rent.	219,534
CDBG mortgage note payable with a stated and effective interest rate of 0.00% per annum, due in annual installments from cash flow or proceeds of capital transactions with a maturity date of December 2038 and secured by a mortgage on substantially all assets and an assignment of rent.	230,466

Tax Credit Assistance Program (TCAP) loan payable from the Colorado Housing and Finance Authority with a stated and effective interest rate of 0.00% per annum, with the principal balance due on the maturity date of February 2029 and secured by a second mortgage on substantially all assets and an assignment of rent.

989,065

Total notes payable - Village on Stanford

\$ 5,131,668

The estimated debt requirements to maturity for the year ending December 31, 2022 are as follows:

Mason Place

	Principal	Interest	Total
2023	\$ 28,643	\$ 193,795	\$ 222,438
2024	29,665	192,773	222,438
2025	31,267	191,171	222,438
2026	32,674	189,764	222,438
2027	34,145	188,293	222,438
2028-2032	194,676	917,515	1,112,191
2033-2037	1,819,382	851,835	2,671,217
2038-2042	-	493,235	493,235
2043-2047	-	493,235	493,235
2048-2052	2,052,487	452,185	2,504,672
2053-2057	-	390,610	390,610
2058-2062	2,762,442	234,366	2,996,808
Unamortized Debt Issuance Costs	(180,230)	-	(180,230)
Total	<u><u>\$ 6,805,151</u></u>	<u><u>\$ 4,788,777</u></u>	<u><u>\$ 11,593,928</u></u>

Oak 140

	Principal	Interest	Total
2023	\$ -	\$ 389,741	\$ 389,741
2024	11,175,000	326,513	11,501,513
2025	165,000	261,860	426,860
2026	165,000	260,314	425,314
2027	165,000	258,562	423,562
2028-2032	865,000	1,254,355	2,119,355
2033-2037	955,000	1,159,751	2,114,751
2038-2042	5,790,000	644,522	6,434,522
2043-2047	-	453,360	453,360
2048-2052	-	453,360	453,360
2053-2057	5,766,390	90,672	5,857,062
Total	<u><u>\$ 25,046,390</u></u>	<u><u>\$ 5,553,010</u></u>	<u><u>\$ 30,599,400</u></u>

Housing Catalyst
Notes to Financial Statements
December 31, 2022

Redtail Ponds PSH

	Principal	Interest	Total
2023	\$ 53,811	\$ 148,466	\$ 202,277
2024	55,864	146,413	202,277
2025	57,995	144,282	202,277
2026	60,208	142,069	202,277
2027	62,505	139,772	202,277
2028-2032	350,164	661,218	1,011,382
2033-2037	422,256	589,127	1,011,383
2038-2042	509,188	502,194	1,011,382
2043-2047	3,206,162	183,348	3,389,510
Unamortized Debt Issuance Costs	(84,034)	-	(84,034)
Total	\$ 4,694,119	\$ 2,656,889	\$ 7,351,008

Village on Elizabeth

	Principal	Interest	Total
2023	\$ 22,433	\$ 198,587	\$ 221,020
2024	23,851	197,169	221,020
2025	25,368	195,652	221,020
2026	841,876	167,281	1,009,157
2027	-	140,112	140,112
2028-2032	-	700,560	700,560
2033-2037	3,502,222	688,884	4,191,106
Unamortized Debt Issuance Costs	(4,413)	-	(4,413)
Total	\$ 4,411,337	\$ 2,288,245	\$ 6,699,582

Village on Horsetooth

	Principal	Interest	Total
2023	\$ 163,592	\$ 353,521	\$ 517,113
2024	220,998	348,747	569,745
2025	227,140	342,605	569,745
2026	232,879	336,866	569,745
2027	238,807	330,938	569,745
2028-2032	1,288,914	1,559,812	2,848,726
2033-2037	5,217,106	1,385,923	6,603,029
2038-2042	263,160	669,600	932,760
2043-2047	263,160	669,600	932,760
2048-2052	263,160	669,600	932,760
2053-2057	5,472,906	624,960	6,097,866
Unamortized Debt Issuance Costs	(174,307)	-	(174,307)
Total	\$ 13,677,515	\$ 7,292,172	\$ 20,969,687

Housing Catalyst
Notes to Financial Statements
December 31, 2022

Village on Plum

	Principal	Interest	Total
2023	\$ 142,731	\$ 344,817	\$ 487,548
2024	148,324	339,224	487,548
2025	154,136	333,412	487,548
2026	160,176	327,372	487,548
2027	166,453	321,095	487,548
2028-2032	935,371	1,502,367	2,437,738
2033-2037	3,624,759	932,112	4,556,871
2038-2042	-	710,190	710,190
2043-2047	5,219,039	260,403	5,479,442
Unamortized Debt Issuance Costs	(178,633)	-	(178,633)
Total	\$ 10,372,356	\$ 5,070,992	\$ 15,443,348

Village on Redwood

	Principal	Interest	Total
2023	\$ 49,957	\$ 341,436	\$ 391,393
2024	100,756	339,516	440,272
2025	103,312	336,960	440,272
2026	105,705	334,567	440,272
2027	108,202	332,070	440,272
2028-2032	581,979	1,619,379	2,201,358
2033-2037	1,955,009	1,429,182	3,384,191
2038-2042	244,395	1,212,110	1,456,505
2043-2047	244,395	1,212,110	1,456,505
2048-2052	244,395	1,212,110	1,456,505
2053-2057	6,549,322	808,073	7,357,395
Unamortized Debt Issuance Costs	(203,454)	-	(203,454)
Total	\$ 10,083,973	\$ 9,177,513	\$ 19,261,486

Housing Catalyst
Notes to Financial Statements
December 31, 2022

Village on Shields

	Principal	Interest	Total
2023	\$ 239,627	\$ 1,344,782	\$ 1,584,409
2024	264,122	1,333,106	1,597,228
2025	274,589	1,320,671	1,595,260
2026	287,609	1,307,651	1,595,260
2027	301,262	1,293,998	1,595,260
2028-2032	1,735,527	5,940,773	7,676,300
2033-2037	14,582,357	5,075,877	19,658,234
2038-2042	63,399	2,544,439	2,607,838
2043-2047	66,633	2,541,205	2,607,838
2048-2052	70,031	2,537,807	2,607,838
2053-2057	73,604	2,534,234	2,607,838
2058-2062	22,383,576	676,075	23,059,651
Unamortized Debt Issuance Costs	(474,970)	-	(474,970)
Total	\$ 39,867,366	\$ 28,450,618	\$ 68,317,984

Village on Stanford

	Principal	Interest	Total
2023	\$ 19,397	\$ 205,965	\$ 225,362
2024	20,976	204,386	225,362
2025	22,683	202,679	225,362
2026	24,529	200,833	225,362
2027	26,526	198,836	225,362
2027-2031	1,617,795	479,469	2,097,264
2032-2036	-	353,490	353,490
2037-2041	3,419,394	141,396	3,560,790
Unamortized Debt Issuance Costs	(19,632)	-	(19,632)
Total	\$ 5,131,668	\$ 1,987,054	\$ 7,118,722

Note 8 - Leases Payable

Primary Government

Housing Catalyst is leasing seven vehicles for the maintenance departments and six copiers for various locations. The lease terms are between four and five years and have total monthly payments of \$3,835.

During the year ended December 31, 2022, the following changes occurred in leases payable:

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Leases	\$ 85,150	\$ -	\$ (34,564)	\$ 50,586	\$ 29,516

The lease payment requirements to maturity as of December 31, 2022 are as follows:

	Principal	Interest	Total
2023	\$ 29,516	\$ 5,011	\$ 34,527
2024	21,070	1,038	22,108
Total	\$ 50,586	\$ 6,049	\$ 56,635

During the year ended December 31, 2021, Housing Catalyst purchased land in Fort Collins, Colorado, for \$1,325,724 and subsequently exchanged the land for a long-term prepaid lease in a commercial office building. The office building was completed in early 2023 and the lease term is for 99 years.

Discretely Presented Component Units

Village on Plum is leasing land under a long-term non-cancelable operating lease. The lease has a monthly payment of \$5,060, a maturity date of October 3013 and was prepaid for the first 15 years. Total lease costs incurred for the year ended December 31, 2022 was \$5,060 and there were no cash payments made during the year. As of December 31, 2022, the prepaid balance was \$34,577 and that balance is included with the leased capital asset. Lease payments for the remaining 984 years will start in the year ending December 31, 2029.

Note 9 - Restricted Net Position

As of December 31, 2022, restricted net position consisted of \$160,640 in Section 8 HAP received but not yet paid to eligible individuals.

Note 10 - Annual Contributions Contract

Housing Catalyst has an annual contributions contract for Section 8 HAP and adjustments vary based on requirements. The maximum contract was \$16,108,184 for the year ended December 31, 2022. Additional funding for the year ended December 31, 2022 was provided by HUD-Held Section 8 HAP reserves which are available as needed. The balances of HUD-Held Section 8 HAP reserves at December 31, 2022 totaled \$695,952.

Note 11 - Related Party Transactions

Management Fees and Reimbursement of Expenses

Housing Catalyst is a general partner in Mason Place, LLLP, a 60 unit low income housing tax credit project, and provides management services to the project. After the completion of construction, under the management agreement, Housing Catalyst is to be paid management fees totaling 6% of net rental income and accounting fees totaling 4% of net rental income on the project. During the year ended December 31, 2022, Housing Catalyst earned \$88,275 for these fees. As of December 31, 2022, Housing Catalyst was owed \$670 for these fees and that balance is included in accounts receivable. Additionally, under the partnership agreement, Housing Catalyst is to be paid an annual Partnership Management Fee of \$15,000. The fee increases by 3% on an annual basis, is payable from available cash and accrues to the extent that the fee was not paid during the year. During the year ended December 31, 2022, Housing Catalyst earned \$15,450 for this fee and that balance is included in accounts receivable.

Housing Catalyst is a general partner in Oak 140, LLLP, a 79 unit low income housing tax credit project, and provides management services to the project. After the completion of construction, under the management agreement, Housing Catalyst is to be paid management fees totaling 7% of gross rental income and accounting fees totaling 6% of net rental income on the project. During the year ended December 31, 2022, Housing Catalyst did not receive compensation for management services.

Housing Catalyst is also a general partner in Redtail Ponds PSH, LLLP, a 60 unit low income housing tax credit project, and provides management services to the project. Under the management agreement, Housing Catalyst is to be paid management fees totaling 8% of net rental income and accounting fees totaling 3% of net rental income on the project. During the year ended December 31, 2022, Housing Catalyst earned \$98,418 for these fees. As of December 31, 2022, Housing Catalyst was owed \$925 for these fees and that balance is included in accounts receivable.

Housing Catalyst is also a general partner in Village on Elizabeth, LLLP, a 48 unit low income housing tax credit project, and provides management services to the project. Under the management agreement, Housing Catalyst is to be paid management fees totaling 7.5% of gross collections on the project. During the year ended December 31, 2022, Housing Catalyst earned \$39,366 in property management fees. As of December 31, 2022, Housing Catalyst was owed \$149 for that fee and that balance is included in accounts receivable.

Housing Catalyst is also a general partner in Village on Horsetooth, LLLP, a 92 unit low income housing tax credit project, and provides management services to the project. Under the management agreement, Housing Catalyst is to be paid management fees totaling 8% of net rental income and accounting fees totaling 9% of net rental income on the project. During the year ended December 31, 2022, Housing Catalyst earned \$203,444 for these fees. As of December 31, 2022, Housing Catalyst was owed \$926 for these fees and that balance is included in accounts receivable.

Housing Catalyst is also a general partner in Village on Plum, LLLP, a 95 unit low income housing tax credit project, and provides management services to the project. Under the management agreement, Housing Catalyst is to be paid management fees totaling 8% of net rental income and accounting fees totaling 3% of net rental income on the project. During the year ended December 31, 2022, Housing Catalyst earned \$127,891 for these fees. As of December 31, 2022, Housing Catalyst was owed \$940 for these fees and that balance is included in accounts receivable.

Housing Catalyst is also a general partner in Village on Redwood, LLLP, a 72 unit low income housing tax credit project, and provides management services to the project. Under the management agreement, Housing Catalyst is to be paid management fees totaling 8% of net rental income and accounting fees totaling 9% of net rental income on the project. During the year ended December 31, 2022, Housing Catalyst earned \$137,745 for these fees. As of December 31, 2022, Housing Catalyst was owed \$605 for these fees and that balance is included in accounts receivable. Additionally, under the partnership agreement, Housing Catalyst is to be paid an annual Partnership Management Fee of \$15,000. The fee increases by 3% on an annual basis, is payable from available cash and accrues to the extent that the fee was not paid during the year. During the year ended December 31, 2022, Housing Catalyst earned \$17,389 for this fee. As of December 31, 2022, the total accrued balance for this fee is \$90,777 and it is included in accounts receivable.

Housing Catalyst is also a general partner in Village on Shields, LLLP, a 285 unit low income housing tax credit project, and provides management services to the project. Under the management agreement, Housing Catalyst is to be paid management fees totaling 8% of rental income and accounting fees totaling 3% of rental income on the project. During the year ended December 31, 2022, Housing Catalyst earned \$384,570 for these fees. As of December 31, 2022, Housing Catalyst was owed \$2,644 for these fees and that balance is included in accounts receivable.

Housing Catalyst is also a general partner in Village on Stanford, LLLP, an 82 unit low income housing tax credit project, and provides management services to the project. Under the management agreement, Housing Catalyst is to be paid management fees totaling 8% of gross rents of the project. During the year ended December 31, 2022, Housing Catalyst received \$63,781 in property management fees. As of December 31, 2022, Housing Catalyst was owed \$585 for these fees and that balance is included in accounts receivable.

Housing Catalyst is reimbursed for various office expenses, caretaker payroll and benefits, and other maintenance costs incidental to the operations of Mason Place. Redtail Ponds, VOE, VOH, VOP, VOR VOSH and VOS. During the year ended December 31, 2022, Housing Catalyst received approximately \$203,760 from Mason Place, \$273,300 from Redtail, \$194,100 from VOE, \$200,600 from VOH, \$355,500 from VOP, \$153,800 from VOR, \$1,004,800 from VOSH and \$277,900 from VOS for these expenses. As of December 31, 2022, Housing Catalyst was owed \$2,994 from Mason Place, \$9,544 from Redtail, \$4,264 from VOE, \$5,225 from VOH, \$6,378 from VOP, \$5,058 from VOR, \$18,990 from VOSH and \$7,989 from VOS for these fees and expenses and those balances are included in accounts receivable.

Developer Fees

As of December 31, 2022, Housing Catalyst was owed \$710,657, \$466,810, \$284,643, \$260,053, \$3,899,630, \$946,521 and \$2,351,628 in developer fees from Mason Place, LLLP, Village on Horsetooth, LLLP, Village on Plum, LLLP, Village on Redwood, LLLP, Village on Shields, LLLP, Swallow Road Apartments, LLLP (Swallow Road) and Oak 140, LLLP, respectively, related to the construction and development of the projects. Of these amounts, the Authority expects to receive \$89,914 from Mason Place, \$61,489 from VOH, \$50,392 from VOR, \$102,989 from VOSH, \$946,521 from Swallow Road and \$765,330 from Oak 140 during 2022. The remaining balances of \$620,743, \$405,321, \$284,643, \$209,661, \$3,796,641 and \$1,586,298, respectively, will be paid to Housing Catalyst from future available cash flows of the projects. In addition, Housing Catalyst was owed accrued interest of \$12,737, \$23,040 and \$7,967 from VOH, VOP and VOR, respectively, as of December 31, 2022.

During the year ended December 31, 2022, Housing Catalyst earned developer fees of \$672,837 from Swallow Road and \$2,351,628 from Oak 140.

Notes Receivable

As of December 31, 2022, Housing Catalyst was owed \$3,614,929 on four notes receivable from Mason Place with a stated interest rates ranging from 1.00% per annum to 5.00% per annum (see Note 5). Interest income from Mason Place for the year ended December 31, 2022, was \$94,504.

As of December 31, 2022, Housing Catalyst was owed \$25,046,390 on two notes receivable from Oak 140 with a stated interest rates ranging from 0.875% per annum to 2.25% per annum (see Note 5). In addition, Housing Catalyst was owed accrued interest of \$149,534 from Oak 140. Interest income from Oak 140 for the year ended December 31, 2022, was \$378,808.

As of December 31, 2022, Housing Catalyst and Villages were owed \$2,809,717 on three notes receivable from Redtail Ponds PSH with stated interest rates ranging from 2.50% per annum to 4.00% per annum (see Note 5). Interest income from Redtail Ponds for the year ended December 31, 2022, was \$75,568.

As of December 31, 2022, Housing Catalyst was owed \$3,502,222 on various notes receivable from VOE with interest rates ranging from 3.50% per annum to 5.31% per annum (see Note 5). Interest income from VOE for the year ended December 31, 2022, was \$134,520.

As of December 31, 2022, Housing Catalyst was owed \$4,999,234 on three notes receivable from VOH with stated interest rates of 2.68% per annum (see Note 5). Interest income from VOH for the year ended December 31, 2022, was \$130,458.

As of December 31, 2022, Villages was owed \$5,219,039 on two notes receivable from VOP with stated interest rates of 3.50% per annum (see Note 5). Interest income from VOP for the year ended December 31, 2022, was \$142,038.

As of December 31, 2022, Housing Catalyst was owed \$6,060,544 on three notes receivable from VOR with stated interest rates of 4.00% per annum (see Note 5). Interest income from VOR for the year ended December 31, 2022, was \$233,098.

As of December 31, 2022, Housing Catalyst and Villages was owed \$22,235,887 on six notes receivable from VOSH with stated interest rates ranging from 2.00% to 2.60% per annum (see Note 5). Interest income from VOSH for the year ended December 31, 2022, was \$493,474.

As of December 31, 2022, Housing Catalyst and Villages were owed \$1,980,329 on three notes receivable from VOS with stated interest rates of 3.57% per annum (see Note 5). Interest income from VOS for the year ended December 31, 2021, was \$68,261.

Investment in Tax Credit Partnerships

Housing Catalyst is the managing general partner in Mason Place, Oak 140, Redtail Ponds, VOE, VOH, VOP, VOR, VOSH and VOS with ownership interests generally 0.01% or less. As the general partner, Housing Catalyst has the day to day management responsibilities of each partnership. Housing Catalyst's equity interest in the partnerships above was \$147,103 as of December 31, 2022.

Note 12 - Management Services

As mentioned in Note 11, Housing Catalyst provides management services for Mason Place, LLLP, Redtail Ponds PSH, LLLP, Village on Elizabeth, LLLP, Village on Horsetooth, LLLP, Village on Plum, LLLP, Village on Redwood, LLLP, Village on Shields, LLLP and Village on Stanford, LLLP. In addition, Housing Catalyst provides management services for The Villages, Ltd. (Villages), the Wellington Housing Authority (WHA) and Wellington Community Housing (WCH). The Villages, WHA and WCH pay for all direct charges and then reimburse Housing Catalyst through a management fee agreement for the salaries, employee benefits, and other overhead items. Housing Catalyst will also provide management services for Oak 140, LLLP once construction is complete and the property begins operations.

Note 13 - Risk Management

Housing Catalyst is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. Housing Catalyst carries commercial insurance for the risks of loss, including worker's compensation and employee accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Limits of insurance coverage have been adjusted annually.

Note 14 - Pension Plan

Beginning on January 1, 2019, Housing Catalyst provides eligible employees with a 401a deferred compensation retirement plan, a type of defined contribution plan. The plan and the contributions rate are authorized by Housing Catalyst's Board of Commissioners. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Under the plan, eligible employees are required to contribute 4.5% of earnings for 2019 and of 6.2% for 2020 and beyond and the employer contributes 10% of each employee's earnings, including overtime and bonuses. Contributions are made to and maintained by the plan administrator, ICMA-RC, which maintains an individual account for each participant. Employees are vested in their account by years of service, 33% (year 1), 66% (year 2), 99% (year 3) and 100% (year 4) and are eligible for plan benefits at retirement, which is defined as reaching age 62 and no longer being employed with Housing Catalyst. For the years ended December 31, 2022, 2021 and 2020, the total employer cost of the plan totaled \$621,260, \$549,551 and \$464,529, respectively.

Note 15 - Line of Credit

Housing Catalyst and Villages have unsecured lines of credit with a total available balance of \$2,000,000 and \$1,000,000, respectively, with FirstBank of Northern Colorado. The lines expire on September 23, 2023 and July 19, 2022, respectively, and interest on the line of credit is variable based on the Wall Street Journal Prime Rate (WSJ Prime Rate) minus 0.50% and the WSJ Prime Rate plus 0.75%, respectively, with minimum rates of 5.00% and 4.75% per annum, respectively. The funds from the lines are designated for the temporary financing of Housing Development projects. As of December 31, 2022, there was no outstanding balance due on the lines of credit.

Note 16 - Conduit Debt

In November of 2020, Housing Catalyst issued private activity bonds in the amount of \$6,500,000 to Meadows Townhomes LIHTC, LLLP, for the rehabilitation of Meadows Townhomes. The debt had a final maturity date of October 1, 2022 and was secured by real estate. Housing Catalyst in no way guaranteed the debt or had any liability for the debt. Accordingly, the debt was not reported as liabilities in Housing Catalyst's financial statements. Meadows Townhomes paid Housing Catalyst an issuance fee for issuing the bonds. As of December 31, 2022, the bonds were repaid in full and there was no outstanding balance.

In April of 2022, Housing Catalyst issued private activity bonds in the amount of \$14,237,109 to MHMP 16 Northfield, LLLP, for the construction of Northfield Commons in Fort Collins, Colorado. The debt has a final maturity date of April 23, 2039 and is secured by real estate. Housing Catalyst will not guarantee the debt or have any liability for the debt. Accordingly, the debt will not be reported as a liability in Housing Catalyst's financial statements. MHMP 16 Northfield paid Housing Catalyst an issuance fee for issuing the bonds. As of December 31, 2022, the outstanding balance of the debt was \$4,247,253.

Note 17 - Commitments and Contingencies

Housing Catalyst receives significant financial assistance from the United States Government in the form of contracts and grants. Entitlement to these resources is generally contingent upon compliance with the terms and conditions of the contract or grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all federal grants and contracts are subject to a financial and compliance audit under federal regulations. Disallowed costs as a result of compliance audits become a liability of Housing Catalyst. Management believes that the potential for a material liability due to future audit disallowance is remote.

Note 18 - Subsequent Events

In January of 2023, Villages purchased residential rental properties located in Fort Collins, Colorado. The property consists of 3 buildings with 11 rental units for a purchase price of \$3,550,000. The property was paid with cash and no additional debt was incurred.

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Housing Catalyst
Combining Schedule of Net Position
December 31, 2022

	Public Housing	Housing Choice Vouchers	Mainstream Vouchers	Emergency Housing Vouchers	Blended Component Units	State and Local
Assets and Deferred Outflows						
Cash and cash equivalents	\$ 535,446	\$ 491,735	\$ 10,141	\$ 10,801	\$ 10,007,431	\$ 2,939
Restricted cash and cash equivalents	8,974	387,876	-	43,362	79,166	-
Accounts receivable						
Grants	-	43,953	38,533	12,138	4,517	-
Tenants	6,180	-	-	-	47,547	-
Developer fees, current	-	-	-	-	-	-
Other	-	-	-	-	138	-
Accrued interest	-	-	-	-	22,418	-
Lease receivable - current	-	-	-	-	-	-
Notes receivable - current	-	-	-	-	-	-
Prepaid expenses	6,054	-	-	-	-	-
Inventory	-	-	-	-	-	-
Due from other funds	16,191	-	-	-	-	-
Total current assets	<u>572,845</u>	<u>923,564</u>	<u>48,674</u>	<u>66,301</u>	<u>10,161,217</u>	<u>2,939</u>
Non-depreciable capital assets	1,466,217	-	-	-	2,569,400	-
Depreciable capital assets, net	312,984	-	-	-	2,527,425	-
Leased capital assets, net	-	-	-	-	-	-
Developer fees receivable, long-term	-	-	-	-	-	-
Lease receivable, net	-	-	-	-	96,852	-
Notes receivable, net	-	-	-	-	8,386,013	-
Prepaid long-term lease	-	-	-	-	-	-
Investment in tax credit partnerships	-	-	-	-	-	-
Investment in future developments	-	-	-	-	127,327	-
Total Assets	<u>2,352,046</u>	<u>923,564</u>	<u>48,674</u>	<u>66,301</u>	<u>23,868,234</u>	<u>2,939</u>
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows	<u>\$ 2,352,046</u>	<u>\$ 923,564</u>	<u>\$ 48,674</u>	<u>\$ 66,301</u>	<u>\$ 23,868,234</u>	<u>\$ 2,939</u>
Liabilities, Deferred Inflows and Net Position						
Liabilities						
Accounts payable	\$ 7,950	\$ -	\$ -	\$ -	\$ 241,690	\$ -
Accrued liabilities	24,831	10,169	2,253	-	363,102	-
Accrued compensation	4,111	82,244	11,041	1,030	-	-
Accrued interest payable	-	-	-	-	-	-
Unearned revenues	838	-	-	43,362	7,959	-
Due to other funds	-	5,469	717	77	5,740	-
Tenant security deposits	8,974	-	-	-	78,532	-
Money held in escrow	-	277,780	-	-	-	-
Leases payable - current	-	-	-	-	-	-
Notes and mortgages payable - current	-	-	-	-	-	-
Total current liabilities	<u>46,704</u>	<u>375,662</u>	<u>14,011</u>	<u>44,469</u>	<u>697,023</u>	<u>-</u>
Leases payable, net	-	-	-	-	-	-
Notes and mortgages payable, net	-	-	-	-	-	-
Total Liabilities	<u>46,704</u>	<u>375,662</u>	<u>14,011</u>	<u>44,469</u>	<u>697,023</u>	<u>-</u>
Deferred Inflows of Resources	-	-	-	-	131,429	-
Net Position						
Net investment in capital assets	1,779,201	-	-	-	5,096,825	-
Restricted - housing assistance payments	-	110,096	-	-	5,431	-
Unrestricted	526,141	437,806	34,663	21,832	17,937,526	2,939
Total Net Position	<u>2,305,342</u>	<u>547,902</u>	<u>34,663</u>	<u>21,832</u>	<u>23,039,782</u>	<u>2,939</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 2,352,046</u>	<u>\$ 923,564</u>	<u>\$ 48,674</u>	<u>\$ 66,301</u>	<u>\$ 23,868,234</u>	<u>\$ 2,939</u>

Housing Catalyst
Combining Schedule of Net Position
December 31, 2022

Real Estate Development	Management	HUD Grants	Single Room Occupancy	COCC	Subtotal	Elimination of Intercompany Activity	Total
\$ 8,425,374	\$ 878,692	\$ -	\$ 45,113	\$ -	\$ 20,407,672	\$ -	\$ 20,407,672
-	95,424	-	-	-	614,802	-	614,802
-	-	139,019	-	-	238,160	-	238,160
-	-	-	-	-	53,727	-	53,727
2,016,636	-	-	-	-	2,016,636	-	2,016,636
175,602	223,215	-	-	-	398,955	-	398,955
43,743	159,525	-	-	-	225,686	(4,489)	221,197
16,462	-	-	-	-	16,462	-	16,462
-	102,215	-	-	-	102,215	-	102,215
13,391	142,348	-	-	-	161,793	-	161,793
-	76,083	-	-	-	76,083	-	76,083
-	118,327	-	-	-	134,518	(134,518)	-
10,691,208	1,795,829	139,019	45,113	-	24,446,709	(139,007)	24,307,702
1,159,073	39,500	-	-	-	5,234,190	-	5,234,190
-	245,778	-	-	-	3,086,187	-	3,086,187
-	41,112	-	-	-	41,112	-	41,112
6,903,307	-	-	-	-	6,903,307	-	6,903,307
21,767	-	-	-	-	118,619	-	118,619
48,639,902	19,614,530	-	-	-	76,640,445	(99,750)	76,540,695
1,312,333	-	-	-	-	1,312,333	-	1,312,333
147,103	-	-	-	-	147,103	-	147,103
625,591	-	-	-	-	752,918	-	752,918
69,500,284	21,736,749	139,019	45,113	-	118,682,923	(238,757)	118,444,166
-	-	-	-	-	-	-	-
<u>\$ 69,500,284</u>	<u>\$ 21,736,749</u>	<u>\$ 139,019</u>	<u>\$ 45,113</u>	<u>\$ -</u>	<u>\$ 118,682,923</u>	<u>\$ (238,757)</u>	<u>\$ 118,444,166</u>
\$ 40	\$ 39,488	\$ 7,840	\$ -	\$ -	\$ 297,008	\$ -	\$ 297,008
26,316	95,796	7,894	-	-	530,361	-	530,361
60,388	474,319	3,959	-	-	637,092	-	637,092
7,531	8,158	-	-	-	15,689	(4,489)	11,200
-	91,951	-	-	-	144,110	-	144,110
3,189	-	119,326	-	-	134,518	(134,518)	-
-	-	-	-	-	87,506	-	87,506
-	3,883	-	-	-	281,663	-	281,663
-	29,516	-	-	-	29,516	-	29,516
193,633	161,033	-	-	-	354,666	-	354,666
291,097	904,144	139,019	-	-	2,512,129	(139,007)	2,373,122
-	21,070	-	-	-	21,070	-	21,070
980,526	19,854,573	-	-	-	20,835,099	(99,750)	20,735,349
1,271,623	20,779,787	139,019	-	-	23,368,298	(238,757)	23,129,541
36,583	-	-	-	-	168,012	-	168,012
170,337	(22,359)	-	-	-	7,024,004	99,750	7,123,754
-	-	-	45,113	-	160,640	-	160,640
68,021,741	979,321	-	-	-	87,961,969	(99,750)	87,862,219
68,192,078	956,962	-	45,113	-	95,146,613	-	95,146,613
<u>\$ 69,500,284</u>	<u>\$ 21,736,749</u>	<u>\$ 139,019</u>	<u>\$ 45,113</u>	<u>\$ -</u>	<u>\$ 118,682,923</u>	<u>\$ (238,757)</u>	<u>\$ 118,444,166</u>

Housing Catalyst

Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2022

	Public Housing	Housing Choice Vouchers	Mainstream Vouchers	Emergency Housing Vouchers	Blended Component Units	State and Local
Operating Revenues						
HUD PHA grants	\$ 279,245	\$ 15,353,486	\$ 1,737,516	\$ 291,988	\$ 1,058,533	\$ -
Other grants	-	-	-	-	-	-
Rental income	159,561	-	-	-	2,126,115	-
Administration fees	-	-	-	-	-	-
Developer fees	-	-	-	-	-	-
Other	12,587	2,730	-	-	94,960	-
Total Operating Revenues	451,393	15,356,216	1,737,516	291,988	3,279,608	-
Operating Expenses						
Housing assistance payments	-	13,909,664	1,584,371	321,879	979,817	-
Administrative salaries and benefits	89,417	722,891	83,246	11,562	253,543	-
Maintenance salaries and benefits	-	-	-	-	16,258	-
Other administrative	451,608	523,295	58,478	26,094	593,670	-
Regular and extraordinary maintenance	328,679	-	-	-	630,037	-
Depreciation and amortization	47,770	-	-	-	410,187	-
Utilities	66,226	-	-	-	195,370	-
Insurance	36,125	-	-	-	84,787	-
Payments in lieu of taxes	9,288	-	-	-	-	-
Other	2,541	-	-	-	39,583	-
Total Operating Expenses	1,031,654	15,155,850	1,726,095	359,535	3,203,252	-
Operating Income (Loss)	(580,261)	200,366	11,421	(67,547)	76,356	-
Non-Operating Revenues (Expenses)						
Interest income	1,452	1,770	27	133	270,537	9
Interest expense	-	-	-	-	-	-
Other financing costs	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	(7,918)	-
Total Non-Operating Revenues (Expenses)	1,452	1,770	27	133	262,619	9
Income (Loss) Before Contributions	(578,809)	202,136	11,448	(67,414)	338,975	9
HUD Capital Contributions	218,316	-	-	-	-	-
Change in Net Position	(360,493)	202,136	11,448	(67,414)	338,975	9
Equity transfers	(993,167)	-	-	-	-	-
Net Position-Beginning of Year	3,659,002	345,766	23,215	89,246	22,700,807	2,930
Net Position-End of Year	\$ 2,305,342	\$ 547,902	\$ 34,663	\$ 21,832	\$ 23,039,782	\$ 2,939

Housing Catalyst

Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2022

Real Estate Development	Management	HUD Grants	Single Room Occupancy	COCC	Subtotal	Elimination of Intercompany Activity	Total
\$ -	\$ -	\$ 641,218	\$ -	\$ -	\$ 19,361,986	\$ -	\$ 19,361,986
1,382,578	110,498	-	-	-	1,493,076	-	1,493,076
-	-	-	-	-	2,285,676	-	2,285,676
-	1,394,203	-	-	4,027,011	5,421,214	(2,345,847)	3,075,367
3,024,465	-	-	-	-	3,024,465	-	3,024,465
48,591	489,458	-	-	3,325	651,651	(29,767)	621,884
<u>4,455,634</u>	<u>1,994,159</u>	<u>641,218</u>	<u>-</u>	<u>4,030,336</u>	<u>32,238,068</u>	<u>(2,375,614)</u>	<u>29,862,454</u>
-	-	-	-	-	16,795,731	-	16,795,731
854,158	760,834	497,769	-	2,603,564	5,876,984	-	5,876,984
18,487	683,782	-	-	334,419	1,052,946	-	1,052,946
522,425	605,347	143,449	-	977,099	3,901,465	(2,132,026)	1,769,439
17,757	99,432	-	-	49,559	1,125,464	(213,821)	911,643
-	86,559	-	-	6,791	551,307	-	551,307
1,985	-	-	-	11,395	274,976	-	274,976
5,082	21,680	-	-	47,205	194,879	-	194,879
-	-	-	-	-	9,288	-	9,288
-	72,665	-	-	-	114,789	(29,767)	85,022
<u>1,419,894</u>	<u>2,330,299</u>	<u>641,218</u>	<u>-</u>	<u>4,030,032</u>	<u>29,897,829</u>	<u>(2,375,614)</u>	<u>27,522,215</u>
<u>3,035,740</u>	<u>(336,140)</u>	<u>-</u>	<u>-</u>	<u>304</u>	<u>2,340,239</u>	<u>-</u>	<u>2,340,239</u>
1,303,539	325,452	-	46	-	1,902,965	(4,489)	1,898,476
(21,539)	(337,634)	-	-	(304)	(359,477)	4,489	(354,988)
(1,766)	-	-	-	-	(1,766)	-	(1,766)
<u>3,272,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,264,220</u>	<u>-</u>	<u>3,264,220</u>
<u>4,552,372</u>	<u>(12,182)</u>	<u>-</u>	<u>46</u>	<u>(304)</u>	<u>4,805,942</u>	<u>-</u>	<u>4,805,942</u>
7,588,112	(348,322)	-	46	-	7,146,181	-	7,146,181
-	-	-	-	-	218,316	-	218,316
7,588,112	(348,322)	-	46	-	7,364,497	-	7,364,497
993,167	-	-	-	-	-	-	-
<u>59,610,799</u>	<u>1,305,284</u>	<u>-</u>	<u>45,067</u>	<u>-</u>	<u>87,782,116</u>	<u>-</u>	<u>87,782,116</u>
<u>\$ 68,192,078</u>	<u>\$ 956,962</u>	<u>\$ -</u>	<u>\$ 45,113</u>	<u>\$ -</u>	<u>\$ 95,146,613</u>	<u>\$ -</u>	<u>\$ 95,146,613</u>

Housing Catalyst
Combining Schedule of Net Position - Blended Component Units
December 31, 2022

	Larimer County Housing Authority	Villages, Ltd	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 11,048	\$ 9,996,383	\$ 10,007,431
Restricted cash and cash equivalents	634	78,532	79,166
Accounts receivable			
Grants	4,517	-	4,517
Tenants	-	47,547	47,547
Other	-	138	138
Accrued interest	-	22,418	22,418
Total Current Assets	16,199	10,145,018	10,161,217
Capital Assets			
Non-depreciable	-	2,569,400	2,569,400
Depreciable, net	-	2,527,425	2,527,425
Total Capital Assets, Net	-	5,096,825	5,096,825
Lease receivable, net	-	96,852	96,852
Notes receivable, net	-	8,386,013	8,386,013
Investment in future developments	-	127,327	127,327
Total Noncurrent Assets	-	13,707,017	13,707,017
Deferred Outflow of Resources	-	-	-
Total Assets and Deferred Outflows	\$ 16,199	\$ 23,852,035	\$ 23,868,234
Liabilities and Net Position			
Current Liabilities			
Accounts payable	\$ -	\$ 241,690	\$ 241,690
Accrued liabilities	6,177	356,925	363,102
Unearned revenues	-	7,959	7,959
Due to other funds	-	5,740	5,740
Tenant security deposits payable	-	78,532	78,532
Total Current Liabilities	6,177	690,846	697,023
Total Liabilities	6,177	690,846	697,023
Deferred Inflow of Resources	-	131,429	131,429
Net Position			
Net investment in capital assets	-	5,096,825	5,096,825
Restricted - housing assistance payments	5,431	-	5,431
Unrestricted	4,591	17,932,935	17,937,526
Total Net Position	10,022	23,029,760	23,039,782
Total Liabilities, Deferred Inflow and Net Position	\$ 16,199	\$ 23,852,035	\$ 23,868,234

Housing Catalyst

Combining Schedule of Revenues, Expenses and Changes in Net Position - Blended Component Units
Year Ended December 31, 2022

	Larimer County Housing Authority	Villages, Ltd	Total
Operating Revenues			
HUD PHA grants	\$ 1,058,533	\$ -	\$ 1,058,533
Rental income	-	2,126,115	2,126,115
Other	1,770	93,190	94,960
Total Operating Revenues	<u>1,060,303</u>	<u>2,219,305</u>	<u>3,279,608</u>
Operating Expenses			
Housing assistance payments	979,817	-	979,817
Administrative salaries and benefits	51,741	201,802	253,543
Maintenance salaries and benefits	-	16,258	16,258
Other administrative	43,908	549,762	593,670
Regular and extraordinary maintenance	-	630,037	630,037
Depreciation and amortization	-	410,187	410,187
Utilities	-	195,370	195,370
Insurance	-	84,787	84,787
Other	-	39,583	39,583
Total Operating Expenses	<u>1,075,466</u>	<u>2,127,786</u>	<u>3,203,252</u>
Operating Income (Loss)	<u>(15,163)</u>	<u>91,519</u>	<u>76,356</u>
Non-Operating Revenues (Expenses)			
Interest income	-	270,537	270,537
Loss on disposal of capital assets	-	(7,918)	(7,918)
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>262,619</u>	<u>262,619</u>
Change in Net Position	(15,163)	354,138	338,975
Net Position, Beginning of the Year	<u>25,185</u>	<u>22,675,622</u>	<u>22,700,807</u>
Net Position, End of the Year	<u>\$ 10,022</u>	<u>\$ 23,029,760</u>	<u>\$ 23,039,782</u>

Housing Catalyst

Fort Collins, Colorado

Statistical Section:

Financial Trends

Revenue Capacity

Debt Capacity

Demographic and Economic Information

Operation Information



This part of Housing Catalyst's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about Housing Catalyst's overall financial health.

Contents	Tables
Financial Trends <i>These schedules contain trend information to help the reader understand how Housing Catalyst's financial performance and well-being have changed over the past 10 years.</i>	1 - 2
Revenue Capacity <i>These schedules contain trend information to help the reader assess Housing Catalyst's most significant revenue sources.</i>	3 - 4
Debt Capacity <i>These schedules contain trend information to help the reader assess the affordability of Housing Catalyst's current levels of outstanding debt and ability to issue additional debt in the future.</i>	5 - 6
Demographic and Economic Information <i>These schedules contain trend information of the demographic and economic indicators to help the reader understand the environment within which Housing Catalyst's financial activities take place.</i>	7 - 10
Operating Information <i>These schedules contain data to help the reader understand how the information in Housing Catalyst's financial report relates to the services Housing Catalyst provides and the activities it performs.</i>	11 - 13

Housing Catalyst

Table 1 - Net Position - Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Net investment in capital assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position</u>	<u>Total</u>
2013	\$ 10,911,282	\$ 124,601	\$ 11,049,361	\$ 22,085,244
2014	7,271,939	165,676	19,127,842	26,565,457
2015	7,618,140	166,313	21,747,242	29,531,695
2016	7,173,493	153,278	24,265,680	31,592,451
2017	9,271,815	94,058	41,339,629	50,705,502
2018	7,404,055	114,697	60,132,359	67,651,111
2019	6,695,367	285,791	66,623,629	73,604,787
2020	8,043,902	823,844	68,732,601	77,600,347
2021	7,250,361	139,150	80,392,605	87,782,116
2022	7,123,754	160,640	87,862,219	95,146,613

Source: Previous years' audits and current year financial statements

Note: Villages (Blended Component Unit) added to add years for comparability

Housing Catalyst

Table 2 - Changes in Net Position - Last Ten Fiscal Years
(Unaudited)

	2013	2014	2015	2016
<i>Operating Revenue:</i>				
Intergovernmental revenues	\$ 10,089,671	\$ 10,684,674	\$ 11,595,136	\$ 13,165,946
Net tenant revenue	6,257,062	6,589,029	5,483,156	5,491,850
Other revenues	1,556,377	1,870,414	4,010,501	2,037,185
	<u>17,903,110</u>	<u>19,144,117</u>	<u>21,088,793</u>	<u>20,694,981</u>
<i>Operating Expenses:</i>				
Administrative	3,941,071	4,140,172	4,446,537	4,642,560
Utilities	669,370	608,836	486,827	500,311
Ordinary maintenance and operating	2,486,579	2,386,274	2,129,092	2,385,322
General expenses	306,730	354,697	601,520	636,297
Depreciation and amortization	1,791,880	1,765,212	1,451,766	1,533,348
Housing assistance payments	8,335,325	8,319,806	8,722,655	9,175,020
	<u>17,530,955</u>	<u>17,574,997</u>	<u>17,838,397</u>	<u>18,872,858</u>
<i>Operating Income (Loss)</i>	372,155	1,569,120	3,250,396	1,822,123
<i>Nonoperating Revenue (Expenses):</i>				
Investment revenue	225,143	280,773	434,087	638,318
Interest expense	(1,251,724)	(1,051,184)	(832,614)	(832,056)
Other revenue	-	3,423,994	(4,582)	476,252
Other financing costs	(19,832)	(541)	-	(52,771)
	<u>(1,046,413)</u>	<u>2,653,042</u>	<u>(403,109)</u>	<u>229,743</u>
<i>Income (Loss) before Capital Contribution</i>	(674,258)	4,222,162	2,847,287	2,051,866
Capital grants	195,499	258,051	118,951	8,890
Change in net position	(478,759)	4,480,213	2,966,238	2,060,756
<i>Net Position, Beginning of the Year</i>	<u>22,564,003</u>	<u>22,085,244</u>	<u>26,565,457</u>	<u>29,531,695</u>
<i>Net Position, End of the Year</i>	<u>\$ 22,085,244</u>	<u>\$ 26,565,457</u>	<u>\$ 29,531,695</u>	<u>\$ 31,592,451</u>

Source: Previous years' audits and current year financial statements

Note: Villages (Blended Component Unit) added to add years for comparability

Housing Catalyst

Table 2 - Changes in Net Position - Last Ten Fiscal Years
(Unaudited)

2017	2018	2019	2020	2021	2022
\$ 14,490,955	\$ 12,611,505	\$ 14,546,760	\$ 16,504,807	\$ 20,685,292	\$ 20,855,062
4,643,450	3,070,311	2,795,340	2,775,494	2,497,418	2,285,676
4,065,170	12,328,561	4,575,558	4,548,140	4,908,861	6,721,716
<u>23,199,575</u>	<u>28,010,377</u>	<u>21,917,658</u>	<u>23,828,441</u>	<u>28,091,571</u>	<u>29,862,454</u>
4,564,853	4,576,933	4,874,101	5,861,588	6,203,590	7,646,423
491,164	325,374	275,003	281,787	263,560	274,976
2,144,447	1,718,640	1,722,432	1,659,259	1,684,439	1,964,589
667,666	534,757	566,657	615,995	609,883	289,189
1,305,347	768,308	716,839	660,489	576,324	551,307
9,337,277	10,367,104	11,223,214	12,279,216	14,024,566	16,795,731
<u>18,510,754</u>	<u>18,291,116</u>	<u>19,378,246</u>	<u>21,358,334</u>	<u>23,362,362</u>	<u>27,522,215</u>
4,688,821	9,719,261	2,539,412	2,470,107	4,729,209	2,340,239
725,724	1,225,758	1,465,607	1,457,131	1,579,465	1,898,476
(630,935)	(226,555)	(182,980)	(100,103)	(204,172)	(354,988)
13,720,482	6,096,457	1,981,406	-	3,900,231	3,264,220
(48,771)	(19,032)	(7,500)	(1,000)	(851)	(1,766)
<u>13,766,500</u>	<u>7,076,628</u>	<u>3,256,533</u>	<u>1,356,028</u>	<u>5,274,673</u>	<u>4,805,942</u>
18,455,321	16,795,889	5,795,945	3,826,135	10,003,882	7,146,181
657,730	149,720	157,731	169,425	177,887	218,316
19,113,051	16,945,609	5,953,676	3,995,560	10,181,769	7,364,497
31,592,451	50,705,502	67,651,111	73,604,787	77,600,347	87,782,116
<u>\$ 50,705,502</u>	<u>\$ 67,651,111</u>	<u>\$ 73,604,787</u>	<u>\$ 77,600,347</u>	<u>\$ 87,782,116</u>	<u>\$ 95,146,613</u>

Housing Catalyst

Table 3 - Operating Revenues by Source - Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Net Tenant Rental		Intergovernmental		Other		Total
	Amount	% of Total	Amount	% of Total	Amount	% of Total	
2013	\$ 6,257,062	34.95%	\$ 10,089,671	56.36%	\$ 1,556,377	8.69%	\$ 17,903,110
2014	6,589,029	34.42%	10,684,674	55.81%	1,870,414	9.77%	19,144,117
2015	5,483,156	26.00%	11,595,136	54.99%	4,010,501	19.02%	21,088,793
2016	5,491,850	26.54%	13,165,946	63.62%	2,037,185	9.84%	20,694,981
2017	4,643,450	20.02%	14,490,955	62.47%	4,065,170	17.52%	23,199,575
2018	3,070,311	10.96%	12,611,505	45.02%	12,328,561	44.02%	28,010,377
2019	2,795,340	12.75%	14,546,760	66.37%	4,575,558	20.88%	21,917,658
2020	2,775,494	11.65%	16,504,807	69.27%	4,548,140	19.09%	23,828,441
2021	2,497,418	8.89%	20,685,292	73.64%	4,908,861	17.47%	28,091,571
2022	2,285,676	7.65%	20,855,062	69.84%	6,721,716	22.51%	29,862,454

Source: Previous years' audits and current year financial statements

Note: Villages (Blended Component Unit) added to add years for comparability

Housing CatalystTable 4 - Non-Operating Revenues by Source - Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Intergovernmental		Investment		Other Income		Total
	Amount	% of Total	Amount	% of Total	Amount	% of Total	
2013	\$ -	0.00%	\$ 225,143	100.00%	\$ -	0.00%	\$ 225,143
2014	-	0.00%	280,773	7.58%	3,423,994	92.42%	3,704,767
2015	-	0.00%	434,087	101.07%	(4,582)	-1.07%	429,505
2016	-	0.00%	638,318	57.27%	476,252	42.73%	1,114,570
2017	-	0.00%	725,724	5.02%	13,720,482	94.98%	14,446,206
2018	-	0.00%	1,225,758	16.74%	6,096,457	83.26%	7,322,215
2019	-	0.00%	1,465,607	42.52%	1,981,406	57.48%	3,447,013
2020	-	0.00%	1,457,131	100.00%	-	0.00%	1,457,131
2021	-	0.00%	1,579,465	28.82%	3,900,231	71.18%	5,479,696
2022	-	0.00%	1,898,476	36.77%	3,264,220	63.23%	5,162,696

Source: Previous years' audits and current year financial statements

Note: Villages (Blended Component Unit) added to add years for comparability

Housing CatalystTable 5 - Debt Service Coverage - Last Ten Fiscal Years
(Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenue	\$ 18,323,752	\$ 19,682,941	\$ 21,641,831	\$ 21,342,189
Expenses (excluding depreciation)	<u>(17,010,631)</u>	<u>(16,861,510)</u>	<u>(17,219,245)</u>	<u>(18,224,337)</u>
Revenue Available for debt service	<u>\$ 1,313,121</u>	<u>\$ 2,821,431</u>	<u>\$ 4,422,586</u>	<u>\$ 3,117,852</u>
Debt Service Requirements:				
Principal	\$ 477,046	\$ 533,205	\$ 461,236	\$ 966,599
Interest	<u>1,226,232</u>	<u>1,038,968</u>	<u>821,249</u>	<u>799,139</u>
Total	<u>\$ 1,703,278</u>	<u>\$ 1,572,173</u>	<u>\$ 1,282,485</u>	<u>\$ 1,765,738</u>
Debt Service Coverage Ratio	0.77	1.79	3.45	1.77

Source: Previous years' audits and current year financial statements

Note: Villages (Blended Component Unit) added to add years for comparability

Housing Catalyst

Table 5 - Debt Service Coverage - Last Ten Fiscal Years
(Unaudited)

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 24,583,029 <u>(17,885,113)</u>	\$ 29,385,855 <u>(17,768,395)</u>	\$ 23,540,996 <u>(18,851,887)</u>	\$ 25,454,997 <u>(20,798,948)</u>	\$ 29,848,923 <u>(22,991,061)</u>	\$ 31,979,246 <u>(27,327,662)</u>
<u>\$ 6,697,916</u>	<u>\$ 11,617,460</u>	<u>\$ 4,689,109</u>	<u>\$ 4,656,049</u>	<u>\$ 6,857,862</u>	<u>\$ 4,651,584</u>
\$ 2,225,331 <u>759,760</u>	\$ 412,919 <u>75,507</u>	\$ 476,292 <u>205,340</u>	\$ 418,462 <u>66,721</u>	\$ 113,951 <u>34,857</u>	\$ 206,022 <u>360,082</u>
<u>\$ 2,985,091</u>	<u>\$ 488,426</u>	<u>\$ 681,632</u>	<u>\$ 485,183</u>	<u>\$ 148,808</u>	<u>\$ 566,104</u>
2.24	23.79	6.88	9.60	46.09	8.22

Housing Catalyst

Table 6 -Ratio of Debt to Capital Assets - Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Short-Term Debt</u>	<u>Long-Term Debt</u>	<u>Total Debt</u>	<u>Capital Assets</u>	<u>Ratio of Total Debt to Capital Assets</u>
2013	\$ 533,205	\$ 31,885,418	\$ 32,418,623	\$ 42,965,290	75.45%
2014	461,236	25,738,657	26,199,893	33,371,171	78.51%
2015	2,792,187	23,458,254	26,250,441	33,268,074	78.91%
2016	2,225,331	22,251,836	24,477,167	31,592,013	77.48%
2017	412,918	2,124,459	2,537,377	11,773,139	21.55%
2018	476,292	5,199,178	5,675,470	13,067,186	43.43%
2019	448,492	2,037,452	2,485,944	9,177,356	27.09%
2020	147,326	984,824	1,132,150	9,166,872	12.35%
2021	221,141	20,478,932	20,700,073	8,224,125	251.70%
2022	384,182	20,756,419	21,140,601	8,361,489	252.83%

Source: Previous years' audits and current year financial statements

Note: Total debt amount includes short-term portion of debt and leases due within one year

Note: Villages (Blended Component Unit) added to add years for comparability

Housing Catalyst

Table 7 - Service Area Demographics / Statistics - Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>City of Fort Collins Population</u>	<u>Residents of Housing Catalyst</u>	<u>Fort Collins & Larimer County Unemployment Rate</u>
2013	151,330	2,446	5.4%
2014	155,400	3,433	4.3%
2015	160,935	3,286	3.3%
2016	161,000	3,164	2.8%
2017	167,500	2,717	2.2%
2018	171,100	2,847	2.8%
2019	172,653	2,828	2.0%
2020	174,871	2,755	6.4%
2021	172,321	3,188	3.0%
2022	172,321 *	3,404	2.3%

* Population data not updated for 2022 at the time of issuance

Note: 2022 unemployment rate is based on the Fort Collins / Loveland regional area. This table includes all Housing Catalyst housing programs.

Source: City of Fort Collins, Bureau of Labor Statistics and Housing Catalyst tenant records.

Note: Resident data does not include Villages due to insufficient demographic records.

Housing Catalyst

Table 8 - Principal Employers for the City of Fort Collins
(Unaudited)

	2021 (1)		
	Employees	Rank	Percentage of Total City Employment
Colorado State University	8,100	1	7.8%
UC Health: Poudre Valley Hospital	6,100	2	6.2%
Poudre R-1 School District	4,000	3	4.0%
City of Fort Collins	2,000	4	2.0%
Larimer County	1,900	4	1.9%
Woodward	1,300	6	1.3%
Broadcom (Avago)	1,100	7	1.1%
Department of Agriculture	1,100	8	1.1%
Otter Products, LLC	890	9	0.9%
Dillon Companies Inc (King Soopers)	690	10	0.7%
Total	27,180		26.2%
	2011 (1)		
	Employees	Rank	Percentage of Total City Employment
Colorado State University	6,573	1	6.8%
Poudre R-1 School District	3,908	2	4.0%
UC Health: Poudre Valley Hospital	3,060	3	3.1%
Larimer County	1,901	4	2.0%
City of Fort Collins	1,830	5	1.9%
Center Partners	1,339	6	1.4%
Woodward	1,073	7	1.1%
Hewlett Packard	925	8	1.0%
Department of Agriculture	827	9	0.9%
Broadcom (Avago)	681	10	0.7%
Total	22,117		22.7%

Source: City of Fort Collins Annual Comprehensive Financial Report, FY 12/31/2021

(1) Current year data is unavailable at the time of the preparation of the Annual Comprehensive Financial Report.

Housing Catalyst

Table 9 - Resident Demographics / Population Statistics - Last Ten Fiscal Years
(Unaudited)

Public Housing and Non-HUD Housing Programs				
Fiscal Year	Number of minors (ages 0-18)	Number of adults (ages 19-61)	Number of elderly (ages 62+)	Total number of residents
2013	160	197	23	380
2014	337	626	63	1,026
2015	265	543	68	876
2016	261	449	64	774
2017	81	89	17	187
2018	80	87	20	187
2019	73	89	20	182
2020	66	92	17	175
2021	56	84	19	159
2022	53	77	18	148
Housing Choice Voucher Program				
Fiscal Year	Number of minors (ages 0-18)	Number of adults (ages 19-61)	Number of elderly (ages 62+)	Total number of residents
2013	888	992	186	2,066
2014	995	1,137	275	2,407
2015	975	1,145	290	2,410
2016	917	1,154	319	2,390
2017	987	1,222	321	2,530
2018	996	1,251	413	2,660
2019	951	1,255	440	2,646
2020	859	1,244	477	2,580
2021	1,033	1,488	508	3,029
2022	1,100	1,580	576	3,256

Source: Housing Catalyst tenant records.

Note: Does not include Villages due to insufficient demographic records.

Housing CatalystTable 10 - Resident Demographics / Ethnicity Statistics - Last Ten Fiscal Years
(Unaudited)

Public Housing and Non-HUD Housing Programs						
<u>Fiscal Year</u>	<u>Caucasian</u>	<u>Latino</u>	<u>African American</u>	<u>Native American</u>	<u>Other</u>	<u>Total</u>
2013	220	133	8	11	8	380
2014	650	330	16	18	12	1,026
2015	565	232	43	20	16	876
2016	511	217	25	13	8	774
2017	96	75	6	6	4	187
2018	90	81	8	8	-	187
2019	85	81	9	7	-	182
2020	79	81	8	7	-	175
2021	68	78	7	6	-	159
2022	58	71	4	5	10	148

Housing Choice Voucher Program						
<u>Fiscal Year</u>	<u>Caucasian</u>	<u>Latino</u>	<u>African American</u>	<u>Native American</u>	<u>Other</u>	<u>Total</u>
2013	1,404	496	83	62	21	2,066
2014	1,724	515	96	48	24	2,407
2015	1,712	530	96	48	24	2,410
2016	1,720	502	96	48	24	2,390
2017	1,770	557	101	51	51	2,530
2018	1,534	856	186	75	9	2,660
2019	1,556	819	155	58	58	2,646
2020	1,453	834	160	74	59	2,580
2021	1,594	1,003	242	104	86	3,029
2022	1,795	959	275	122	105	3,256

Source: Housing Catalyst tenant records.

Note: Does not include Villages due to insufficient demographic records.

Housing Catalyst

Table 11 - Number of Housing Catalyst Dwelling Units - Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Public Housing</u>	<u>Housing Choice Vouchers</u>	<u>VASH Vouchers</u>	<u>Emergency Housing Vouchers</u>	<u>Five Year Mainstream Vouchers</u>	<u>RAD</u>	<u>SRO</u>	<u>TBRA</u>	<u>VOCC</u>	<u>Villages</u>	<u>Total</u>
2013	154	810	79	79	65	-	27	9	344	325	1,892
2014	154	853	89	89	63	-	27	6	285	325	1,891
2015	154	901	112	112	63	-	27	10	285	230	1,894
2016	154	916	121	121	64	-	-	5	285	230	1,896
2017	70	870	115	115	60	69	-	-	-	230	1,529
2018	70	983	122	122	63	19	-	-	-	230	1,609
2019	70	969	119	119	99	-	-	-	-	230	1,606
2020	70	956	133	133	141	-	-	-	-	229	1,662
2021	70	1,108	143	13	196	-	-	-	-	185	1,715
2022	48	1,144	142	23	208	-	-	-	-	185	1,750

Source: Housing Catalyst tenant records.

Housing Catalyst

Table 12 - Property Characteristics and Unit Composition - Last Ten Fiscal Years
(Unaudited)

Name of Development	Address	Number of Units	Year Built
Public Housing:			
Gallup	804 - 824 Gallup Road	8	1976
Impala	300 - 330 Impala Circle	11	1976
Jamith	112 - 125 Jamith Place	14	1980
Plum - 2155	2155 W. Plum Street	15	1980
	Total Public Housing Units	48	
Villages:			
Village on Bryan	100 S Bryan Avenue	27	1988
Village on Castlerock	1204 Castlerock Drive	4	1961
Village on Cherry	1321 Cherry Street	4	1980
Village on Cowen	615 Cowan Street	19	1971
First - SRO	300 1st Street	13	1981
Village on Impala	400 Impala Circle	24	1998
Village on Leisure	2700 Leisure Drive	26	1971
Village on Maple	1216 Maple Street	4	1994
Village on Matuka	1200 Matuka Court	20	1991
Village on Mountain	366 E Mountain Avenue	5	1905
Myrtle - SRO	811 E Myrtle Street	16	1950
Village on Stanford	2831 Stanford Road	6	1969
Duplexes	813 Cherry Street	10	1960
Single Family Home - Cherry	817 Cherry Street	1	1905
Single Family Home - 327 Howes	327 N Howes Street	1	1934
Single Family Home - 331 Howes	331 N Howes Street	1	1900
Single Family Home - Maple	1218 Maple Street	1	1993
Single Family Home - 1711 Remington	1711 Remington Street	1	1957
Single Family Home - 1713 Remington	1713 Remington Street	1	1957
Single Family Home - Stuart	124 E Stuart Street	1	1939
		185	
	Total Units	233	

Source: Housing Catalyst Property Records

Housing Catalyst

Table 13 - Number of Housing Catalyst Staff - Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Administration</u>	<u>Development</u>	<u>Finance</u>	<u>Housing</u>	<u>Maintenance</u>	<u>Total</u>
2013	6	5	6	29	11	57
2014	7	6	6	23	15	57
2015	8	6	7	24	16	61
2016	8	6	7	27	15	63
2017	8	6	6	27	16	63
2018	8	4	6	28	14	60
2019	9	4	7	36	16	72
2020	6	7	10	45	17	85
2021	10	8	8	48	16	90
2022	8	6	9	52	16	91

Source: Housing Catalyst employment records.

Housing Catalyst

Fort Collins, Colorado

Single Audit Section:

Independent Auditors' Reports

Schedule of Findings and Questioned Costs

Schedule of Prior Year Audit Findings

Schedule of Expenditures of Federal Awards





Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners
Housing Catalyst
Fort Collins, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Catalyst (the Authority) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated June 29, 2023. The financial statements of the discretely presented component units, except for Oak 140, LLLP, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units, except for Oak 140, LLLP.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority 's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, professional style.

Fargo, North Dakota
June 29, 2023



Independent Auditor’s Report on Compliance for The Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Commissioners
Housing Catalyst
Fort Collins, Colorado

Report on Compliance for the Major Federal Program

Opinion on The Major Federal Program

We have audited Housing Catalyst’s (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the major federal program of the Authority for the year ended December 31, 2022. The Authority’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority 's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Fargo, North Dakota
June 29, 2023

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516 (a):	No

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing
Housing Voucher Cluster:	
Section 8 Housing Choice Vouchers	14.871
Mainstream Vouchers	14.879
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None Reported

Section III – Federal Award Findings and Questioned Costs

None Reported

Housing Catalyst

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Agency / Pass-Through Grantor Program Title	Federal Financial Assistance Listing / Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
United States Department of Housing and Urban Development:			
Housing Choice Voucher Cluster			
Section 8 Housing Choice Vouchers **	14.871	-	\$ 15,155,850
Mainstream Vouchers **	14.879	-	1,726,095
Emergency Housing Vouchers **	14.871	-	<u>359,535</u>
Total Housing Choice Voucher Cluster			17,241,480
Public and Indian Housing			
Family Self-Sufficiency Program	14.850	-	279,245
Public Housing Capital Fund	14.896	-	241,717
Continuum of Care Program	14.872	-	218,316
	14.267	-	<u>399,501</u>
Total Direct Awards			<u>18,380,259</u>
Blended Component Unit (Larimer County Housing Authority)			
United States Department of Housing and Urban Development:			
Housing Choice Voucher Cluster ***			
Section 8 Housing Choice Vouchers	14.871	-	422,420
Mainstream Vouchers	14.879	-	<u>653,046</u>
Total Housing Choice Voucher Cluster			<u>1,075,466</u>
Total Federal Expenditures			<u><u>\$ 19,455,725</u></u>

** - Denotes a Major Program

*** - Denotes operations tested as part of the Larimer County Housing Authority Single Audit and was not included in the Major Program determination of Housing Catalyst

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Housing Catalyst under programs of the federal government for the year ended December 31, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Housing Catalyst, it is not intended to and does not present the financial position, changes in net position or cash flows of Housing Catalyst.

Note 2 - Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

Housing Catalyst has not elected to use the 10-percent de minimis indirect cost rate.